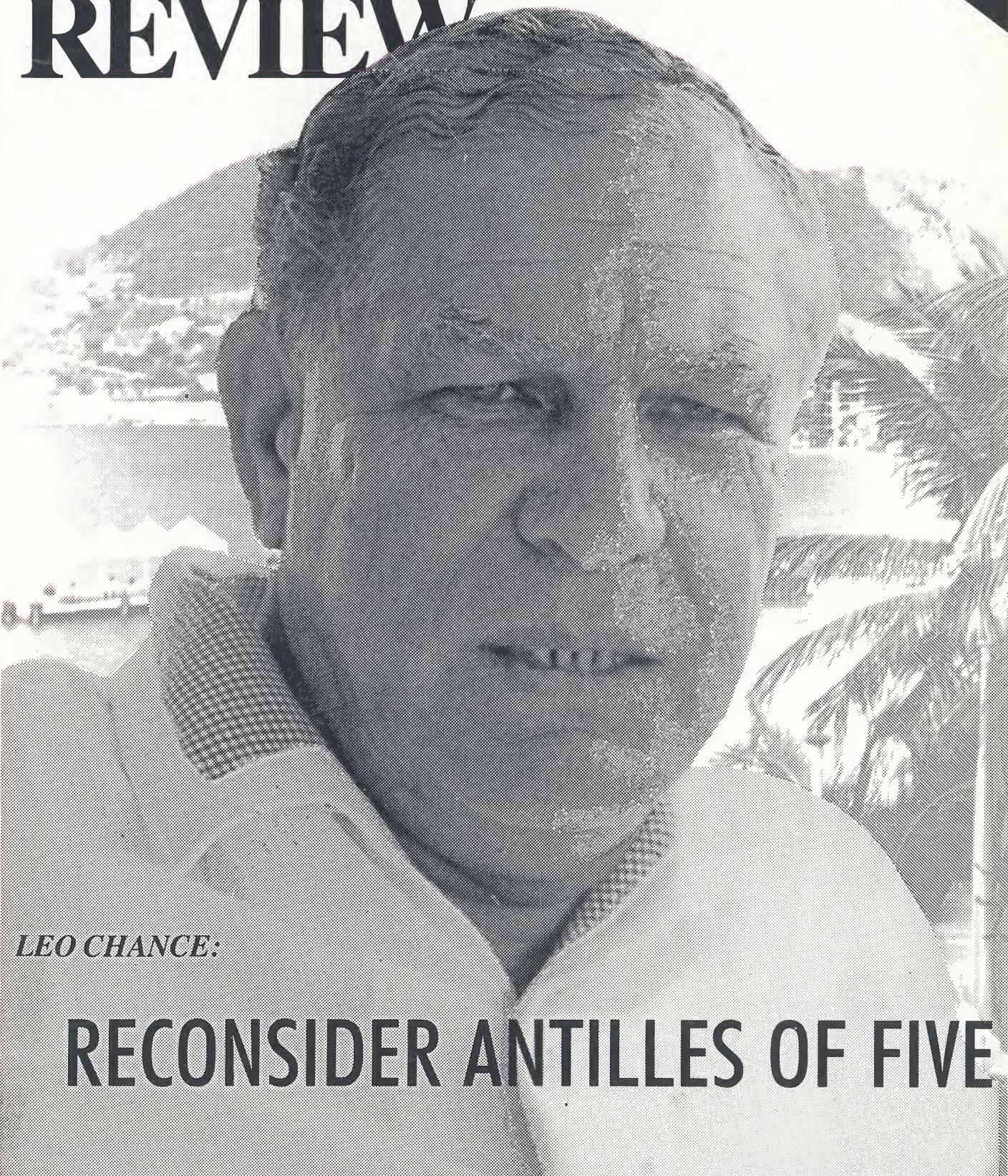


November 20, 1985

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BIMONTLY MAGAZINE

FROM THE EDITOR



To those acquainted with the Caribbean, the Netherlands Antilles still comes across as an exceptionally well organized and prosperous country. To those living in the Antilles the truth seems quite different. Both, however, are right. In comparison to most countries in the region, the Antilles is enjoying a high standard of life. But to insiders it is more than apparent that the economic foundations are quickly eroding. This issue of AR gives its readers an indication of the complex pattern of reasons behind that negative process. It also indicates the birth of a new mood, in particular in the private sector. Even before Curaçao's refinery was saved from closure, there were clear indications of a resurgence of a fighting entrepreneurial spirit. Now that there is hope that also Aruba's refinery may re-open that new spirit is only spurred on. One may hope that this development is recognized and duly appreciated by those in power, for free enterprise has not exactly been left much room to move during the past few years.

With elections coming up both on Aruba and the Antilles of the Five (in status nascendi) ample opportunity is provided to make



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Editor: Roger F. Snow

*a new start. Too much time and energy had to be given in the past years to constitutional issues. But all that now being behind us, government is in a position to devote itself fully to rebuilding the economy. Two issues should in this respect be watched closely. First of all a revival of constitutional bickering should be foregone by quickly deciding on more autonomy for the island governments. This is particularly urgent with a view to St. Maarten. The booming island should at no time be hampered by the problems Curaçao is presently facing! On the contrary the latter island could benefit by taking the St. Maarten lesson to heart. Private initiative and free enterprise have there been allowed to flourish and as a result so did the island. Now that the Antilles will soon be divided into two autonomous members of the Kingdom of the Netherlands, the possibility of a new start presents itself to all the islands. AR sincerely hopes it will be enabled to report on future developments in a more positive sense.*

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# Wrong Measure

**L**ate August the government decided on measures to stem the country's downward slide. The announcement came none too soon. Financially and economically the nation was rapidly heading for real trouble. During the preceding nine months the government consulted the social partners, drafted proposals, announced its intentions, but backed off in the face of mounting opposition. Half way through the year, however, the situation did not allow for any further delay. The foreign reserves were diminishing, the government was heavily overdrawn at the Central Bank and the future of Curaçao's refinery seemed more uncertain than ever. Thus it should have brought relief when the Cabinet at long last decided to act. But to many, including this paper, it did not. To resort to an extra income-taxation of 10% implied sidestepping the real problem of inefficient and too expensive government while further jeopardizing the survival of the private sector. All government did was create a breathing space for itself.

**T**hat something had to be done, is beyond any doubt. For at least two years our editorials have been urging for decisive government to get the economy back on track. But such government should direct itself at the causes and not the symptoms of the ailing economy. Admittedly the Antillean economy is heavily dependent on developments abroad and these have not been exactly helpful. But that leaves the question how to adapt to such a situation in order to overcome it. That question has been left unanswered. In general government continued to act and in particular to spend as if the economy was moving up instead of downward. So even if it is perfectly true that developments outside the Antilles were detrimental to its economy, no serious effort was made to remove the obstacles to renewed growth within the country. That issue has continually been sidestepped. The 10% extra taxation is the last and most blatant example of the prevailing attitude of refusing to face the facts.

**N**ot that it is difficult to see what is wrong with the country. It has simply become too expensive and that is particularly true of government itself. The size of the civil services stands in no relation to what the country needs and can afford. A monster which was created in the early eighties when a number of financial windfalls befell the nation. Political patronage more than anything else caused government to grow beyond

any reasonable proportion. To save the employment situation the government began to take over enterprises threatened by bankruptcy when the economic tide turned. As a result its economic dominance increased as did the bill it presented the people with. With regard to the first it should be observed that the government lacks the expertise and management skills for its vastly increased tasks. And as far as the ever increasing costs of these policies are concerned, it means that the productive (private) sector has less and less room to move. Basically what is wrong with the Netherlands Antilles and Curaçao in particular is summed up in one word: government.

**W**hen in the spring the Cabinet forwarded the idea of a general wage-cut, many were critical because the proposal lacked clarity in detail. But in general the concept was sound. A 10% - 15% wage-cut would have brought down the spending power of the people, thus saving foreign exchange. It would have eased up the government's own precarious financial situation and created more room for the private sector. It might also have attracted much needed new investments. So even if this proposal did not address the country's real problem, it seemed at least a step in the right direction.

**B**ut then apparently overnight the government had a change of heart and against all advice decided on an increase of income taxes. The implications are clear. Government can for the time being continue as it used to. The private sector instead of being given more leeway is further curtailed and the formation of capital is even more out of the question, not to mention new investments. The constitutional fall-out, moreover, might be quite serious. St. Maarten, which in contrast to Curaçao is booming, protested the measure in no uncertain terms and terminated its support of the national government. The lesson it learned was that much larger Curaçao has no qualms when it comes to submitting the smaller islands to its will. The economic problems of the country are in fact Curaçao's problems and certainly not St. Maarten's. Consequently St. Maarten is presently reconsidering its constitutional ties to Curaçao. Also on this score there seems a reluctance to face the all too visible signs of the times. The Antilles of the Five is not simply the Antilles of the Six minus Aruba. A constitution granting the respective islands a greater measure of autonomy is clearly called for.



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The Cabinet's only but indeed resounding success in these past months -foregoing the closure of Curacao's refinery - may in connection to what has been said above have an unfortunate and negative effect. With elections coming up late November it has already been suggested by a number of politicians that now that the refinery has been saved, the reason for the 10% measure may no longer exist. Such observations may win votes but are of a most irresponsible nature. For the need for far reaching measures is still as great as ever. It should not be forgotten that the government's income from the off-shore sector will diminish drastically in the coming years, as a result of last year's US Tax Act repealing the 30% withholding tax on interest paid to foreign investors in US securities. A measure which has in effect closed down the Antilles as a gateway to the Euro-dollar market. And although the off-shore sector itself appears in good shape, the elimination of that particular activity will reduce the government's income in taxes by several hundreds of millions yearly.

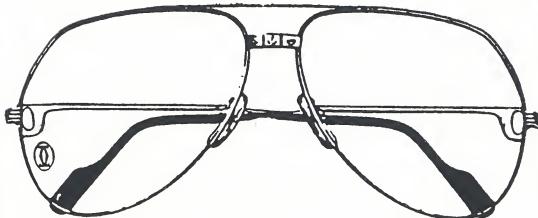
Revoking the 10% measure should not be done for electoral reasons, but because it does not address the real issue and offers no long term perspectives. Before anything else the government should start cleaning up its own house and cut down drastically its expenditure, rather than try to increase its income. ■



## INTERNATIONAL RECOGNITION FOR MARIA LIBERIA - PETERS

Although unrelated the Prime Minister of the Netherlands Antilles, Mrs. Maria Liberia Peters, recently booked two important successes both at home and abroad. After guiding the negotiations to retain the Curaçao oil-refinery to a felicitous end, which in everyone's view can for an important part be attributed to the energetic and persevering way she handled the matter, she was awarded an international recognition as well. In a meeting of the Organization of Christian Democratic Parties in Latin America (OCDA), held in San Jose, Costa Rica in the first

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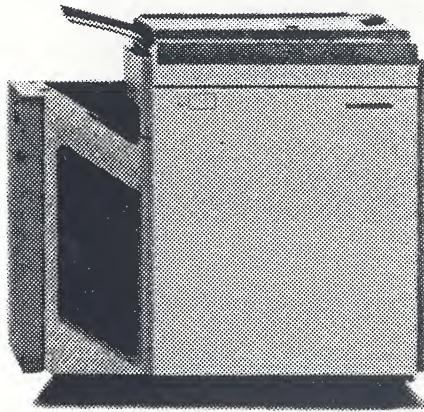
week of October, Mrs. Liberia Peters was elected vice chairman for the next four years, with special responsibility for the Caribbean area. She thus becomes the first woman ever to be elected to such a high position in that organization. The former president of Ecuador, Dr. Oswaldo Hurtado, was elected chairman. Expectations are that these two successes will contribute considerably to her popularity in the coming elections, in which she will be heading the list of candidates of the political party PNP. ■

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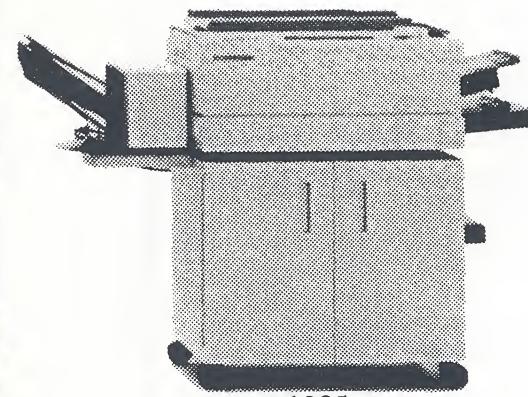
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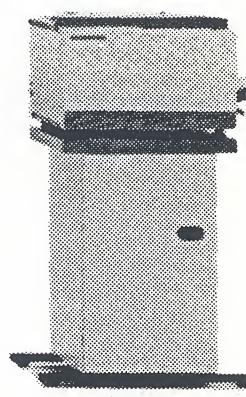
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**BAREFOOT ELEGANCE****BYWORD CAPTURES IMAGINATION  
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by Henk Timmer

*Spend your honeymoon in Aruba and come back ever after! This could be an advertising slogan for the successful Divi Hotels but it is more than that: it is happening! Aruba and especially the Divi Hotels (Divi-Divi Beach Hotel — Tamarijn Beach Hotel — Dutch Village) are very much in-spots for honeymoon couples from the USA and they usually enjoy such a wonderful honeymoon on the island, that return vacations are more the rule than the exception. Not only the young ones, but also vacationers of all age groups seem to find exactly what they expected at the Divi Hotels plus an atmosphere that is absolutely irresistible. Divi Hotels founder and president Walter Wiggins put it this way in the 1985 annual report to shareholders: "Our by-word, barefoot elegance, has captured the imagination of the Caribbean tourist; but, more importantly, we have been able to translate the dream quality of the words into the reality of an exotic and exciting vacation experience".*

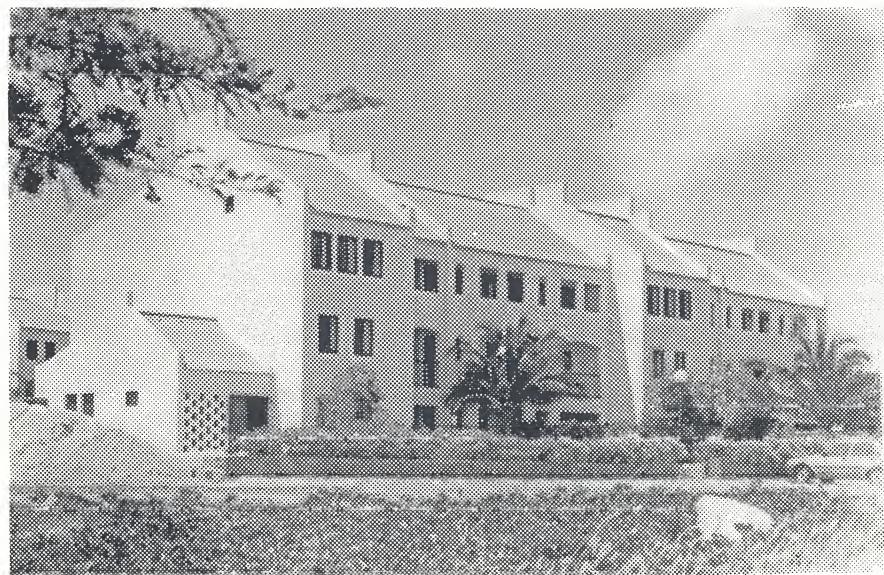
saw the Divi Hotels grow from the first 40 rooms of Divi Divi Beach Hotel to a group of hotels and an entertainment center now employing 605 people. At the end of the year with a next phase of the Dutch Village time share project and 50 new rooms for the Divi Club completed and also the Alhambra entertainment complex in full swing, the employment figure will rise to over 900, or the same as Lago before it closed down. For the shareholders Walter Wiggins also has very good news. With approximately 1000 rooms — the group also has hotels on Bonaire, Barbados and Cayman Brac — in operation and the highest occupancy records of any major hotel chain in the Caribbean, turnover was US\$ 29,000,000. -- for fiscal year 1985, as compared to US\$ 13,816,000. -- just 2 years earlier. The fiscal year of Divi Hotels runs from May 1, 1984 till April 30, 1985, and therefore includes the most recent winter season. Part of the spectacular growth is of course a result of the expansion of the group, but

Divi Beach Hotel booked a record occupancy percentage of 97.7% year round.

Tamarijn almost met this figure with 97.1%. Dutch Village had 84.4% occupancy, Bonaire's Flamingo Beach was also very good at 90.5%, Southwinds in Barbados 84.9% and Tiara in Cayman Brac 58.3%. Record high profits of US\$ 2,117,162. -- compare favourably with most hotel chains of this size and are dramatically better than the dismal figures of government-owned hotels in Aruba and Curaçao.

Continued high profits — Divi Hotels' profits for 1983 were \$ 1,113,287. -- and for 1984 \$ 1,908,283. -- enable Divi Hotels to attract new capital. In March 1985 the Divi Hotels stock was introduced on the NASDAQ National Market System, the so-called "over the counter" stock market in New York. Additional equity of US\$ 8,100,000. -- resulted from placing 675,000 shares Divi Hotels N.V. at \$ 12. -- per share, and after this stock issue the number of shareholders increased to approximately 600, mostly Americans.

The success of this stock issue proves that successful entrepreneurs can still count on support on the free capital markets, if more investment capital is needed, even if it concerns an enterprise on an island like Aruba. The stock issue came just a few months after the announcement of the closing of the Lago refinery and at a time of political changes on the island. Those who doubt the feasibility of an Aruba without Lago are put to shame by a group of US investors showing continued confidence for the long term in Aruba's tourism. These investors are not looking for a quick profit. They know that Divi Hotels N.V. does not pay out dividends for years to come. All profits will be reinvested in new extensions both on Aruba and Bonaire, but also elsewhere in the Caribbean. It is long term confidence Walter Wiggins and his team asked for and a large number of people with money



DIVI - DIVI

The concept has paid off nicely, both for Aruba and for the shareholders. Aruba

also the result of the extremely high occupancy rates (see box). For 1985 the Divi

said: yes, we share your confidence in the future of Caribbean tourism in general and the potential of Aruba, Bonaire and Barbados particularly.

The continued enthusiasm of the owners and the management group radiates down to all levels of the 605 employees. Motivation is high and labour disputes are seldom heard of. Coöperation with the union is exemplary. Every effort is made to cultivate the special brand of hospitality mixed with informality in relations between employees and guests that make up the low key setting for a dream holiday in the style of barefoot elegance. The personal airport greeting, the staff's kindness and smiles throughout the stay, the strolls along endless sandy beaches, flowers and candles that seem magically to appear in the rooms, the tear-eyed goodbyes 'til next year' are some of the elements of the atmosphere of the Divi Hotels. For management the success of the present is the challenge of the future, or as vice-president Roger D. Coster puts it: "The past several years have tested our ability to expand our management style to other islands in the Caribbean. Property is now being offered to us with the sales pitch: 'it would make a perfect Divi Hotel'". Coster is in charge of planning and development and is actively involved in looking at islands and property for diversification and expansion.

To the question of what is a potential Divi island or a Divi Hotel, Coster says: "A Divi Island — apart from swaying palm trees, blue skies and sandy beaches — must measure up to our company's criteria, which demand stable government, happy people and adequate air service. A Divi Hotel must have the potential of offering a minimum of 150 rooms and allow us to blend high operational standards with an open-air Caribbean atmosphere and must reflect the culture of the host island". The expansion on Aruba continues to surprise Arubans and visitors alike. Last year in merely a few months the imposing Alhambra Casino was erected and in full swing from the start. Now, last month the shopping arcade with exclusive boutiques, jewelry store, arts and artifacts, eateries, a 120 seat theater and a 300 seat Roseland Ballroom nightclub opened its doors. Attractive floor-shows and the big band sound of the 40's lure the visitors to this center of casino gambling and nightlife. At the same time, new apartments are being added to the timeshare Dutch Village project and a



ALHAMBRA

new 50 room project will also be built in record time.

The group decided to invest also in Barbados and acquired the Southwinds and Sandhurst Beach Hotels. About the motives for adding the Barbados property Wiggins says: "What I perceive to be the three essential criteria for our company's success in the Caribbean, i.e. stable government, adequate air support and a people who welcome the opportunity to serve the tourist industry, are all in abundance on this lovely island. It abounds with history, magnificent restaurants, beautiful beaches, responsible government and is served daily by American Airlines, Pan American, Eastern, British Airways, Caribbean Airways, Air Canada, Wardair, Liat and BWIA International".

Divi Hotels prove that value for money still pays off in the market place. In its strive for excellence the group has been able to establish itself as one of the leaders in the Caribbean and the number one in occupancy in both Aruba and Bonaire. Responsible for the high sales figures is Vice President Marketing and Sales Jean F. Lynch, who states her goal as an all out effort to "ascertain, create and satisfy the wants of our guests, and do it profitably". Recently the Dutch Village project in Aruba received the coveted platinum award from Interval International, the ultimate acknowledgement of excellence

in time share apartments. Only 19 such awards were given to the 500 international hotel members by this leader in the time share industry. Divi Hotels N.V. proves what private investors, led by a highly capable and driven management group, can mean to an island and an area: construction activity, investments, long term growth, leadership in attracting more tourists, excellence and motivation, happy workers, increased foreign exchange income, opportunities for related businesses and a good example for others. Of course Aruba is happy with groups like the Divi Hotels and the 600 shareholders are happy with Aruba and their investment. One sentence in the Divi Hotels annual report illustrates the interaction between investors and Aruba clearly: "management does not anticipate any adverse impact on operations as a result of the political or economic climate on any of the islands on which the company does business". Simple words but with substantial implications. It reminds us that enterprises such as the Divi Hotels N.V. can only continue to flourish as long as we continue to have a political and economic climate that creates confidence among investors who have risked their money in investments geared to long term growth rather than short term gains. It also reminds us that the private sector of Aruba is alive and well. Divi Hotels N.V. is private enterprise reconfirmed all the way. ■

# ECONOMIC VIEWS OF CURACAO'S UNIONS LEAVE NO ROOM FOR FREE ENTERPRISE

by Henk Timmer



Few Arubans saw much future in a close economic and monetary co-operation between Aruba and the Antilles of Five, as originally agreed at the 1983 Round Table Conference and more or less dictated by the Netherlands as a condition for Aruba's status aparte. During the central government coalition negotiations in St. Maarten last year the plans for this co-operation were already brought down to more realistic levels. With recent developments in Curaçao and the attitude of the united 27 labour unions of that island toward economic development and adjustment of incomes to the new realities of life on our islands, the gap between Curaçao and Aruba seems to become wider. Also Curaçao and St. Maarten seem to differ widely in their views on income reductions, taxation and economic development, but the Windward Islands have always been outsiders as far as economic and monetary matters are concerned. They do have the US dollar as currency besides the Antillean guilder, which plays only a minor role on the islands, no import duties, no restrictions on imports, no protective duties or other measures limiting certain imports and no indirect taxation on liquor and beer.

Moreover St. Maarten enjoys a booming tourist development, so sees no need to make any changes or follow austerity measures needed to correct the dismal situation on the ABC islands.

## Substantial gap between Aruba and Curaçao

A substantial gap also exists between Aruba and Curaçao. Aruba has to adjust to an economy without the refinery, meaning a 50% drop in government income and high unemployment. But on the other hand Aruba believes in compensating the loss of the refinery by an accelerated development of its booming tourist industry and by attracting other diversified investments. All political parties agree on this course of action and so does the business sector and also the labour unions, at least those in the private sector.

In Curaçao the government income will go down by 22% due to the Shell leaving the refinery, but the island already had to prepare for a much reduced income out of the financial off-shore sector, which presently accounts for over 50% of the island government income.

The most striking difference between Aruba and Curaçao, however, is the lack of alternatives in Curaçao. While Aruba has its successful tourist sector and will concentrate all short term energy in further growth of that economic pillar, Curaçao is at a loss of what to do in order to get new employment opportunities. Arthur D. Little has reported that the main pillar for development of Curaçao most also be tourism, but so far the lack of success in this direction has not ignited much new enthusiasm for initiatives and investments in that sector.

## Curaçao unions dictate rules for economic development

A major drawback is also that labour unions and politicians do not agree on the measures to be taken for adjustments in income levels, taxation and economic development. The Curaçao unions have rejected the first measure to be taken, being an income reduction of 15%. The combined unions, in a recent report more or less declare war against the politicians, the political system and the free enterprise economy we presently have.

A reduction of income is only acceptable to the unions as long as no purchasing power will be lost, which is rather unrealistic considering that the purpose of the income reduction is nothing less than a forced reduction of purchasing power in order to improve the balance of payments situation and improve the competitive position of the island for export products and services.

The unions of Curaçao reject the measures announced by the government, but at the same time take the liberty to dictate the rules for economic development. And those rules are quite different from what Aruba, and St. Maarten for that matter,

have in mind for their economic future. The private sector in Curaçao will surely also firmly reject the marxist inspired anti-private-enterprise tendencies of the new course of action promoted by the unions.

The unions have expressed their views in a document called "Na Kaminda Pa Un Era Nobo" (On the road to a new era), which outlines the strategy the unions would like to follow for economic development. The policy of attracting private investors by way of incentives is rejected by the unions. Instead they prefer a system of funding new enterprises mainly by capital accumulated by increasing taxes and using part of the income reductions for new investments. They also suggest forced local investment by pension funds and insurance companies. The unions would like to restrict investments abroad, suggest strict control on the outflow of capital from the island and go as far as suggesting a tax on money invested abroad.

They want to restrict the import of goods by raising duties on luxury items and control and limit the import of all items that cannot be considered first necessities. A centralized government import monopoly is an old union wish and therefore again on the list this time.

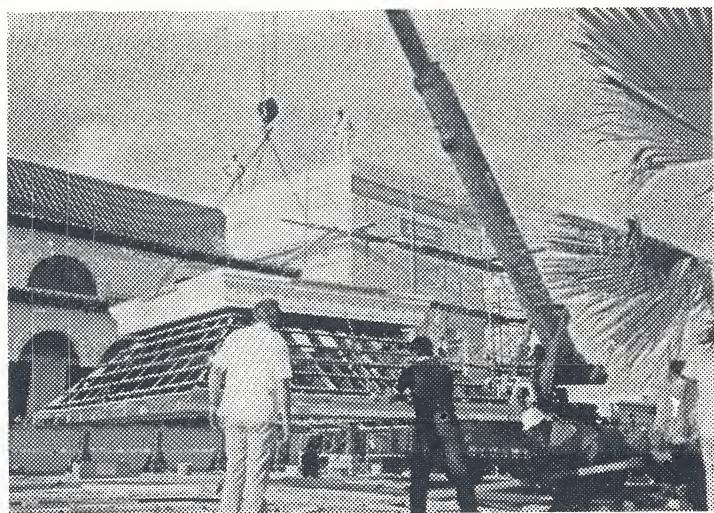
For economic development the accent will be on import substitution and most new enterprises will have to be established and controlled by KORPODEKO.

If we imagine the burden that such a program would put on the Curaçao community, we may safely assume that politicians in Curaçao will not be in the frontline to promote such a program to the voters. It would mean income reductions three times over: once for contribution to the investment fund, once for the reduction of the cost of operating enterprises and the government and finally by paying more for consumption goods because of higher duties and special protection for more import substitution. To top it off the investment of pension and insurance re-

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serves in the local economy will increase the risk that no money will be there when the time of enjoying a pension has come.

But the most important factor why the wiser politicians will reject the union's suggestions is that a quick economic recovery will not result from these measures and the road to an "era nobo" (new era) can easily become a road to an "era bobo" (dumb era). By restricting investments abroad, local people with foreign investments will move away from the island and not invest in any new local enterprise. This will of course sound as a warning bell to foreign investors and consequently stop the inflow of foreign capital completely.

Government and unions alone cannot "manage" the economy. Even if the capital could be raised, there is no guarantee that successful enterprise will result. A repetition of the dismal record of the Curaçao hotel enterprises is more likely. By just adding up capital and labour the sum is not complete. The missing link is the entrepreneur, a rare breed of person capable of motivating people and managing capital in a way that results in competitive products and services. These entrepreneurs cannot be replaced by capable engineers, efficient administrators, smart sales persons or shrewd buyers. The entrepreneur is a man with a sum total of capacities and drive that is very hard to describe but very easy to recognize. But good entrepreneurs hate planned economies and like to enjoy substantial freedom in operating their enterprises. The planned economy as proposed by the Curaçao unions moreover has a dismal record worldwide. It has never worked anywhere. The latest try was by president Mitterrand of France. He came into office with a plan of government intervention more or less comparable to the one proposed by the Curaçao unions. He promised to get the French economy moving again, but the plan blew up in his face: inflation, misallocation of resources and lack of international competitiveness and finally devaluation of the franc were the bitter results. His utopian program failed and Mitterrand turned around to become a fiscal conservative. Sadder, but much wiser, he now follows the economic guidelines used by his colleagues Lubbers of the Netherlands and Kohl of Germany.

#### **Politicians must renounce union document**

Surprisingly the Curaçao unions also

suggest a more aggressive approach to attracting foreign investors, which seems rather naive if the contents of the report are to be taken seriously. The type of controls suggested and the anti-free-enterprise spirit that breathes from every page of the report contradict the idea of promoting foreign investors to establish enterprises in Curaçao. No investor will risk his money without reasonable chances of a good return, but they will certainly not take the risk, if there is the slightest risk that such return on the investment cannot be freely transferred to other countries. No such restrictions exist up to now, and we cannot afford them in the future, if we seriously want to continue to attract foreign investors.

Politicians will have to take a clear stand on this matter to prevent any misunderstanding abroad. Therefore it is of utmost importance that reports like "Na Kaminda Pa Un Era Nobo" are openly and immediately renounced by the government authorities and the political parties. Failure to do so, may result in doubts about the future policies towards investors and may harm the investment climate at a time when everybody should cooperate to improve the climate as much as possible. Measures limiting transfer of funds to other countries are very damaging and should not be considered a proper tool of promoting investments.

A recent suggestion — not in the report — of making a law that forbids the closing of an enterprise without government permission, would definitely stop all new investment. Nobody will open an enterprise that cannot be closed if it can no longer operate profitably.

#### **Liberal foreign exchange policy a must**

In our open economy a liberal foreign exchange policy is not only a must, but also the most logical and the only possible approach. Capital flight would probably be much less, if a free flow of foreign exchange would be introduced. Freedom of investing money abroad is one of the basic freedoms in countries such as the Netherlands and the USA. In such a system people will be much less inclined to use that freedom and more money will stay in the country. With more restrictions against transfers of money to other countries, we will see the opposite happening. With the large sums of dollars floating around in the tourist sector, people will always find ways to get hold of dollars and take them

out of the country. The end result will be that the dollars coming in from tourists will never reach the bank but disappear in a black market. A shortage of foreign exchange will automatically be the end result.

If the Curaçao island authorities and the Curaçao political parties will not openly renounce some of these dangerous opinions voiced by the United Labour Unions of Curaçao, the Aruba government authorities and the Aruban political parties will have to do so, just to prevent the impression that Aruban politicians advocate some of these dangerous theories. At least till the end of this year we are part of the Antillean constellation and the majority party is participating in the Central Government.

#### **Aruba welcomes local and foreign investments**

Everybody familiar with the Aruba situation knows that these union demands in Curaçao do not reflect the opinion of the Aruban community, including most of the labour unions on the island. Aruba welcomes local and foreign investments and knows that an accelerated development of the economy of Aruba is only possible, if large sums, much more than the Aruban community can supply, will be invested in a short number of years. Arubans will have to adjust to a substantially lower living standard for a few years to come. Higher taxation both direct (income tax) and indirect (gasoline tax, import duties) will be needed to pay for our high cost of government. Even after trimming down the bureaucracy, the costly education sector and the extensive social support needed because of the high unemployment rate, will require very high taxation for a number of years.

It will be unthinkable to ask the community on top of that to contribute also to an investment fund and accept an even lower level of purchasing power. After the reduction of income out of the financial off-shore sector and as a result of Shell leaving the refinery, Curaçao will probably have to follow a similar course as Aruba is doing already. This will also make it very difficult, if not impossible, to follow the suggestions voiced by the Curaçao unions. High taxation will be a must and asking the community to allow an additional income reduction for an investment fund will not sound very attractive. As a result Curaçao will also have no other choice than promoting local and

foreign investment on a voluntary basis, as has been done in the past but with little success. To stand a better chance the rules will have to be liberalized and not the other way around.

Aruba is on the right track with both local investors (Sun Development Group) and foreign investors active with new projects and extensions of existing hotel enterprises. From the Netherlands the Bredero Group and KLM (via Golden Tulip Hotels) are investing and Divi Hotels have successfully introduced its shares on the Over the Counter market in New York. They have raised US \$ 8,000,000.— earlier this year as additional share capital and the price of their shares is on the rise. This means that the 600 mostly Americans owning Divi Hotel stock have much confidence in Walter Wiggins, Roger Coster and the 600 plus employees of the Divi Hotels, but it also shows that after the closing of Lago the American investor still has confidence in Aruba. Divi Hotels just opened their Alhambra entertainment center and now started constructing another 50 units at the Divi Divi Hotel site.

#### Economic co-operation with Curaçao

Aruba must be very careful to maintain this good investment climate and do everything in its power to even improve it. Before the final agreements between Aruba and the Antilles of Five on the subject of economic co-operation can be made, Aruba has to know what course Curaçao as the main economic power of the Antilles of Five will take, not only for the near future but also for the longer term. Aruba cannot accept all kinds of rules and restrictions if the result will be that the Aruban economic development will be delayed or obstructed. Even if only part of the suggestions made by the Curaçao unions are applied by the Curaçao government, economic co-operation will have to be limited to a few simple general rules. Putting the accent of development on further import substitution for example, will have serious consequences for Aruba, if we agree to adjust our import duties to the protective levels needed to make those factories feasible.

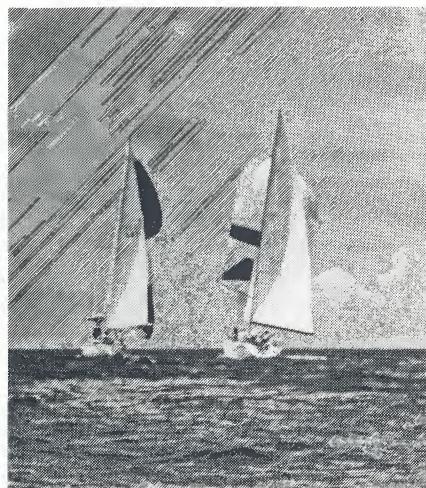
For just a few items we can bear the present situation, although the protective duties should gradually be reduced and eliminated, but further loss of purchasing power will result, if new products are being protected with 100% duties and

similar measures of protection. With our present already very high price level we are running the risk of pricing ourselves out of the market. With additional higher duties on items of first necessities, this will certainly be the case.

Import substitution is great and everybody must be in favour of it, but we must know our limits. Even Singapore with a 2,5 million population considers its home market as negligible. In our situation import substitution will only be feasible, if in a number of years such an enterprise can grow into an export company. By exporting the economies of scale will bring the prices down and the international market place will keep such company competitive, eliminating also the need of exorbitant protection on the home market. In order to give such enterprises a reasonable chance, Aruba should co-operate and give limited protection for a few years, but based on a sliding scale down and limited to a maximum of say 5 years.

Co-operation on foreign exchange, import duties and taxes will be very difficult, if the Antilles of Five bow to the demands of the Curaçao unions. Only if a coordinated set of rules for economic development and foreign exchange restrictions is adhered to, will a certain co-operation be possible. Without such agreements it will be each on his own and let our children decide who was right. ■

## NEWS IN BRIEF



After a very successful sailing regatta in October, which drew thousands of visitors to Bonaire, the island is now preparing itself for the new season. A further growth of Bonaire's typical brand of tourism, scuba diving and snorkeling, is expected. In accordance Divi Hotels N.V. is adding 40 new units to Flamingo Beach Hotel & Casino. The complex, called Club Flamingo, will comprise deluxe studio apartments designed with the diver in mind, a freshwater pool and tennis court, and a new dive shop and pier. This addition will bring the total of guest accommodations in Bonaire to 366 rooms, which includes several seaside villas with up to five bedrooms.

Divi Hotels has recently expanded its operations with the purchase of two scuba diving facilities in the Caribbean. The acquisition of Dive Bonaire climaxes a 10-year relationship between Peter Hughes Dive Inc. and Divi Hotels. The second acquisition is of the recently opened Dive Tiara, located at Tiara Beach Hotel on Cayman Brac. Peter Hughes, the previous owner of both operations, joins Divi Hotels as Vice President of Divi's Marine Sports Division.

The indications are that Bonaire's government is intent on concentrating its promotional efforts with regard to tourism on the 'diving' market. The Government's Tourist Bureau recently published an attractive new four color brochure to be distributed among travel agents. The photo's concentrate on Bonaire's water-related activities. Bonaire's clean, calm water and extraordinary beautiful coral reefs are favorites of North American scuba-divers and snorkelers. ■

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## SHELL ERA OVER

# CESSATION OF REFINERY AVERTED AS VENEZUELA'S PDVSA MOVES IN

*'Le Roi est mort. Vive le Roi'.* The old saying from monarchial times applies to the latest developments on Curaçao remarkably well. When on the 30th of September last SHELL terminated its refining operations on the island and the Holding Company of the National Petroleum Industry of Venezuela, PDVSA, took over on October 1, many spoke of a historic moment. In more than one sense they were right.

On the short term the moment signified the preservation of many jobs, income from foreign exchange and consequently political stability. Closure of the refinery - up to the last moment a very real possibility - would have wrought havoc to the island's economy.

On the long term the date of October 1 will not only be listed as marking the end of a very distinct era in the island's history, but also the beginning of a return to its immediate and natural environment. For the greater part of this century SHELL was the most dominant factor in Curaçao's economy, in fact the principal cause for the spectacular development of the resourceless island. If SHELL did not rule the island in every aspect, its influence and power were at least felt everywhere. A role which will certainly not be PDVSA's because of changed circumstances. But closer ties with Venezuela

and a growing influence of Caracas are certain to develop.

The very decision of PDVSA to rent the refinery from the Antillean government, after SHELL had handed it over to the latter for the symbolic amount of NAf. 1. --, was not commercially but politically motivated. The letter of intent between the Antillean Government and the PDVSA states this unambiguously. "The PDVSA", it reads, "in accordance with a directive of the Government of the Republic of Venezuela.....for the purpose of averting the cessation of operations of the Curaçao refinery and its adverse economic and social consequences for the Netherlands Antilles, is willing to negotiate a lease for said refinery.....". Thus it may fairly be said that the arrival of PDVSA announces as much a new era as the departure of SHELL implies the end of one. Curaçao has been returned to the region, even if it is still a part of the Kingdom of the Netherlands.

### Politics

In the background of SHELL's decision to leave Curaçao one basic fact stands out. The refinery has been dependent all through its existence on only one supplier: Venezuela. The very reason why it was built almost 70 years ago was to process oil from the then newly discovered reservoir in the lake of Maracaibo. As no suffi-

cient harbour facilities were available on location, Curaçao's nearby natural port, well sheltered and with deep waters, seemed a logical choice for establishing the refinery. It should be remembered that it was SHELL which in those days undertook the exploration of the Venezuelan oil fields. It continued doing so for sixty years. Thus the SHELL refinery on the island operated during that period factually as an on location plant. When in 1975 Venezuela nationalized its oil industry, this situation changed drastically. The refinery now had to be run on a purely commercial basis. For its supplies, however, it remained almost entirely dependent on Venezuelan crudes, the price of which rose steeply as a result of the so-called oil crises. In spite of serious efforts a spread of suppliers could not be achieved. This in turn made it increasingly difficult to keep the operation at a viable level. The huge profits made in the early eighties seemingly told another story. But not being of a structural nature their only effect was a postponement of the inevitable and the creation of a false sense of confidence that the refinery was there to stay.

### Alarm

As reported by this paper SHELL sounded the alarm late 1984. Looking back it might be argued that SHELL did the island a great service by involving the Antillean Government in the decision making process with regard to the plant's future. Inviting the Government to become a major shareholder the company set into motion a series of negotiations which resulted eventually in saving the refinery for the island even though SHELL itself left.

It may also in all fairness be assumed that SHELL had preferred to stay on. Suggestions made during the nine months of negotiations to the effect that SHELL was playing a clever game trying to get out at the lowest cost possible, must be called unfounded. The hopeful statements made by SHELL's management during that period were not so much a smoke screen hiding other intentions as the expression of a sincere expectation that a solution might be found. To that end two conditions would have had to be fulfilled. First the cost level of the operation would have to come down and secondly the company needed a long term assurance of a larger supply of heavy crude at an acceptable price. For a long time it seemed that both

conditions might in the end be met. The Antillean Government and the trade-unions appeared willing to co-operate in making the refinery more cost-effective. Due to the untiring efforts of the Antillean Prime-Minister, Mrs. Maria Liberia Peters, the Dutch, Venezuelan and Antillean Governments signed a protocol in July which gave rise to the expectation that also the second condition might be met. At that moment it was up to SHELL and PDVSA to work out an acceptable deal with regard to supplies and prices. No agreement, however, could be reached.

It should at this point be realized that involving the Dutch and Venezuelan governments at an early stage in the discussions was an excellent move on the part of the Antilles. Most of the credit for that approach must be given to Mrs. Liberia Peters, who at the most critical moments travelled to The Hague and later to Caracas to convince the respective governments of the fact that closure of the refinery would have disastrous social and possibly even political consequences. "She was", says Mr. E. van Mourik

Broekman, SHELL's last general manager on the island, "the central figure in the process of involving both Venezuela and the Netherlands". But also the trade-unions and a number of private citizens contributed in no small measure to alerting both mentioned countries to the possible plight awaiting Curaçao.

#### No risks

Thus when the negotiations between PDVSA and SHELL broke down, The Hague and in particular Caracas had little choice but to step in. By the end of September a solution was found. SHELL agreed to sell the refinery for a symbolic amount to the Antillean Government, The Hague agreed to assist the Antilles financially for the purpose of upgrading the refinery and PDVSA on request of the Venezuelan Government took over the operations, leasing the refinery for five years. In principle this means that Curaçao is back at where it was years ago. The refinery is once more an on location plant and Curaçao an island just off the coast of Venezuela.

It should be observed that this develop-

ment may be very much to the island's advantage. With regard to the refinery's future it may be assumed that PDVSA's lease will be renewed after five years as no change in the premises which led to the take-over are to be envisaged. Precisely the political motives which prompted Caracas to direct its national oil company to step in should assure the Antilles of a long-term co-operation with PDVSA. Now that the Venezuelans have moved in, they will no doubt do everything possible to make the take over worth their while. According to the experts they may well succeed.

The financial risks for the Antilles, moreover, are small. On the contrary it is assured of a yearly income of foreign exchange of US\$ 10 million from the lease contract. Nor are the political consequences to be looked at as a possible threat. Although Venezuela has steadily been expanding its influence in the Caribbean basin, this has mostly been of a cultural nature. It might even been argued (see REGION) that these latest developments may go far in helping Curaçao to rediscover its true Caribbean identity. ■

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## STEEP RISE IN CONTAINER TRAFFIC SETS CUR.PORT ON FORWARD COURSE

While the general economic news from Curaçao is still far from encouraging, there is also evidence of promising developments in several sectors. In particular in Curaçao's harbour — often called the heart of the island — activities appear to pick up. A steep rise in container traffic is expected as from November, when new shipping connections from South-America and to the Caribbean region will be inaugurated and an intensification of traffic with the Far-East will take place as well. Estimates Mr. R. Jose Cijntje of Kroonvlag N.V. "a 28% increase in container movements may fairly be expected". Curaçao Port Authority's managing director Jacky Voges, putting the figure "somewhere between 12% and 20%", is not less positive about the latest developments. Says Voges: "in spite of the economic decline we witness growth in the harbour. This means first of all that our new container-terminal is able to compensate for the loss of local consumption. But more important, the latest developments could very well lead to a further acceleration of transshipment activities". Curaçao's brand new container terminal is expecting the arrival of a second (mobile) crane next year, which should put it in an even better position with regard to the regional competition.

The projected increase in container and cargo handling is largely due to the step-

ping up of activities by NEDLLOYD, which for more than 100 years has been serving the trade from Europe to the Caribbean and is presently the only firm maintaining a direct service between the Far East (Japan) and Curaçao. Recently the company decided to make the monthly service into a bi-weekly one. The decision was taken in connection with a study the company undertook with regard to trade between Argentina, Uruguay, Brasil and the Caribbean. Its findings were a revelation in the sense that direct connections appeared to be below the required level. Nedlloyd decided to step in and on November 20th the first ship linking up the above mentioned countries with the Caribbean through Curaçao will arrive at the latter's port. From Curaçao transshipment of containers and general cargo to the greater Antilles (Jamaica, Sto. Domingo, Haiti, Trinidad and Barbados) as well as to ports at the east-coast of Central-America will be taken care of by Nedlloyd and other shipping lines. The advantages are not only to be expressed in terms of cargo handling and shipping business. Explains Mr. Cijntje: "Argentine meat now reaches Curaçao via Europe. Opening up the new line implies that importers can order smaller quantities at a time and sell at cheaper prices".

The South-American countries, moreover, can now begin to use the Cura-

çao connection as an entry into the C.B.I. and E.E.C. One example Mr. Cijntje mentions is Brasil's growing export of computer parts. In his opinion Curaçao may become a rather important distribution center in the region for Brasilian products. Regular services from Curaçao to the other Caribbean islands, to Central America (every ten days) and now also to the West Coast of the USA greatly enhance Curaçao's position as a transfer port. But Mr. Cijntje, whose company Kroonvlag represents Nedlloyd on Curaçao, also points at the fact that the port is well organized and its container-terminal highly efficient. Says Mr. Cijntje: "For those and a number of other reasons Nedlloyd decided to make more use of the services Curaçao has to offer."

It appears that Mr. Cijntje was instrumental in bringing about that choice even before he returned to his native island some months ago. After an impressive career in cargo-handling and marketing with Seaboard World Airlines, North West Orient and Nedlloyd he decided to return to Curaçao for two reasons: "because things were not going well on the island and because I see excellent possibilities. In particular in the field of transport there are many opportunities still unused".

One of those seems to be the transfer of Colombian and Venezuelan products into the Caribbean. Six months ago an economic mission led by Prime Minister Maria Liberia Peters visited Colombia. In the aftermath of that visit the Department of Economic Affairs, Kroonvlag, the Curaçao Port Services and the Curaçao Port Authority studied the possibility of creating a service between Barranquilla and Curaçao for the above mentioned purpose. Prospects look good and the same may now be set up with Venezuela.

The sum total of all these new activities translated into terms of cargo handling, according to Mr. Cijntje, may well amount to a 28% increase in container moves alone. A figure which might go up even more, if Curaçao's Free Zone would begin living up to its name. "What is badly needed", according to Cijntje, "is a central office where customers of the Free Zone can settle all their paper matters instead of having to visit a score of different departments in town". Streamlining the organization would in his opinion certainly lead to an increase of business. Once more he states: "there are plenty of opportunities. All we have to do is use them!" ■

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## Formula 3000

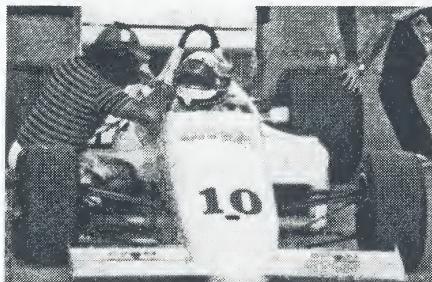
### A GREAT SUCCESS BUT RATHER COSTLY

by Paul De Windt

**Early October Curaçao hosted the first formula 3000 race ever to be held in the Western Hemisphere. In spite of the fact that the race was a resounding success, the event seemed, and may still turn out to be too much for such a small island.**

Organizing the race was not only a costly, but also a risky affair, since this type of race does not, at least not yet, come close to the formula one Grand Prix races in popularity. The promoter of the Curacao Grand Prix, Paul Wederfoort, however, was not to be denied. He had wanted to get the formula one turbo-driven cars to Curaçao, but this not being possible at the time he convinced local government and opposition that a race of the formula 3000-cars with the crossworth engines which used to compete in the formula one class before turbo-injection took over, would give Curacao experience and a name in the international racing world. If successful, Wederfoort pointed out, it might make the island a serious candidate for a formula one race in the future. The government concurred.

Downtown Willemstad was subsequently turned upside down to prepare a streettrack running right through the city. The organizers insisted on this location, as the charm of the Dutch architecture that has made Willemstad such a unique town in the Caribbean would add to the attraction of the race. Millions were spent to prepare for the event, and shopkeepers found their stores surrounded by fences alongside the track to protect spectators, while the town was practically shut off for traffic several days, keeping customers away. The opposition after having approved the project at first began protesting, because government appeared to have used almost twice the amount initially approved by the island council. Many complained about the inconvenience the building of the track in the busiest part of town was causing and criticism increased when the envisaged numbers of tourists did not arrive. As it turned out the hotels had a general occupancy of 76% during the weekend of the race, better than usual



for the time of the year, but nothing to write home about. To compensate for the loss of clientele due to the traffic situation in town, shopkeepers were allowed to stay open late during the weekend of the race, but they claim it did not help. They are presently considering to sue the government for compensation.

The publicity which the event gave Curaçao, on the other hand, should not be underestimated and may in the future make up for at least part of the incurred losses. Not only did one of the four television channels of neighbouring Venezuela cover the entire race live, it also showed its audience splendid views of the island. The race was also transmitted by the Spanish International Network and available to all the stations that use SIN, while also NBC sent a crew to Curacao to tape the event for use in a later broadcast. Officials hope that this, and the mentioning of Curacao in several foreign newspapers and trade-journals, will make up for the costs and relatively low number of tourists that actually came to see the race. They point out this was only a first race, and that a next one, hopefully 'formula one', will cost less because stands and other expensive materials will no longer have to be bought and the track can be made ready in a much shorter period and with less manpower. Officials believe that if a formula one race can indeed be organized on the island in the coming years the income would be of such proportions that the US\$ 1.5 million deficit of this year as well as still to be paid back loans and losses incurred by third parties would be made up for.

They may be right. The formula one races are considered the cream of the crop and tend to attract large crowds of spectators as well as widespread publicity. But several problems present themselves when considering this possibility. First of all Curaçao's volume of hotel accommodation is severely limited. Secondly flying in the formula one circus, as it is commonly called, is extremely expensive. Thirdly, the winner of the formula 3000 race, John Nielsen, told the press after the race

that the track was not fit for a formula one race. A new tarpon would have to be laid and the track would have to be widened and adapted at several points. Because it concerns a streettrack this may not be very easy and will certainly be very costly.

All this being said, it should be pointed out that the race itself was indeed a great success. The organisation was professional and smooth. The drivers and their crews expressed nothing but admiration for the way everything was taken care of to the smallest detail. They were generally pleased with what they called an unforgiving but exciting track. And although the local people were slow in warming up to the idea, after watching the V.W. GTI'S included as a special attraction and the formula 3000 cars practicing, on the day itself a large number of local spectators were eagerly waiting for the cars to roar off when it was time for the final formula 3000 race.

The Danish driver John Nielsen took the lead from second position from the start, and kept it until the end of the race, showing no respect whatsoever for the turns and earning his nickname "The flying Dane". His teammate Micheal Tackwel who had earned a pole position during timed practice and was favored to win never got started, as his engine broke down at the starting line. Second was the Italian Ivan Kappeli, third Claudio Lange and fourth the European formula 3000 champion Christiaan Danner, whose car carried the name of the Antilliean Airline ALM. After the race Nielsen was pleased. Although he said the track would have to be adapted here and there for a formula one race, he and other drivers had expected much worse and brought all kinds of tires along for a rougher track, only to find a perfectly smooth surface.

As for the local promoter of the event, Paul Wederfoort, he said he would start working immediately on getting the formula one here, possibly in March next year. He hopes that Curaçao can take the place of South Africa now that an increasing number of drivers refuse to visit that country because of the apartheid policies. Whether he will be successful remains to be seen, as Curaçao has not been put on any formula calendar set by the international organizations up to now. The operator of the Dutch formula one track in Zandvoort, however, said right after the race in Willemstad: Curaçao deserves a formula one race". Coming from an expert these words may indicate a future for Curaçao in car-racing. ■



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# **ANTEM**



by H. C. Beers

The Netherlands Antilles are struggling with a crisis not of one nature but several. The crisis comprises the deficit of the balance of payments, government, finance, economic development, and the future political structure of the islands. These aspects are in a way interrelated and have led to a sharp reduction of confidence in the government, the economy and the currency. Because of this it would better to speak of a crisis of confidence.

At the end of August foreign exchange reserves, excluding the gold stock, reached a level of f 192 million. Compared with the level of August last year a decrease of f 126 million. To solve this deficit through a reduction of domestic spending and to redeem its domestic debts the Government introduced a crisis-tax of 10% on all personal income. This decision was announced and approved by parliament within three days. However, more government revenues will not stimulate economic growth nor improve competitiveness.

#### Foreign reserves

Foreign reserves continued to fall. At the end of August the official reserves with the Central Bank amounted to f 114 million and the so-called net foreign assets held by the private banking system to f 78 million.

The total of f 192 million, which is exclusive of the gold stock, represented a drop of f 10 million compared with the end of July and f 126 million compared with a year ago. The gold stock remained unchanged with a bookvalue of f 41 million and a market value of more than f 340 million. (See table 1)

The amount held this year by the private banks seemed rather high, especially in times of increasing deficits on the balance of payments and exceeded the amount required as working balances. Obviously, the Central Bank allowed the banks to invest an additional amount abroad as part of their liquid assets instead of on deposit with the Central Bank or in treasury paper that the banks were reluctant to buy. The Central Bank also allowed Shell Curaçao to borrow about f 60 million during the first half of 1985 from the local banksystem to pay domestic expenses instead of transferring the

necessary funds from foreign banking accounts. This borrowing accounted for about half the deficit on the balance of payments. Another major factor was the monetary financing of the governments' deficits, which maintained domestic spending at an artificial high level.

#### External revenues

Foreign exchange earnings during the first half of 1985 amounted to f 1,203 million, compared with f 1,106 million during the corresponding period of last year. All sectors contributed to this decline. However, taking into account the Shell borrowing, oil processing services should have recorded a growth, reflecting the final transfers by Lago on occasion of its closure at the end of March.

Receipts from tourism continued to fall, in particular on Curaçao. For the first time the offshore sector contributed less to earnings from abroad. (See table 2)

During the three year period 1 July 1982 - 30 June 1985 total earnings decreased by 6.5% on an average per year. 1982 was the last year that showed an increase in revenues and thus in prosperity. In the preceding 1978-1982 period growth amounted to f 223 million annually or by almost 11% on an average.

The turn was already felt in 1982, when a decline was recorded in revenues by the transportation activities, comprising shiphandling, oil storage and ship repair. In 1983 receipts from tourism decreased sharply, followed by a fall in oil processing earnings during 1984. In 1985 the offshore sector contributed less. The reasons are well-known.

A further decline may be assumed when tax payments by the offshore finance companies will level off in the coming years. The tourism sector is not yet ready to compensate for this decline, while both the Drydock Company and the national airline are still suffering from too much competition.

#### Crisis tax

Under pressure of these economic circumstances several enterprises took cost cutting measures, including a reduction of wages by about 20%. The government, facing large deficits, also considered taking such a wage cutting measure. It even wanted to introduce a compulsory wage cut for the entire economy, but was reluctant to act, realizing that lower wages also meant lower income tax revenues. Instead, it chose for the easiest way out by

Table 1

Foreign reserves (excluding gold); f mln.

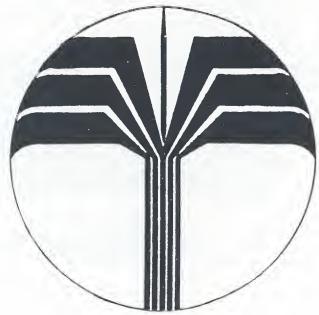
	central bank	private banks	total	annual change
end of:				
1982 .....	334	58	392	+ 91
1983 .....	295	49	344	- 47
1984 .....	211	63	274	- 70
August 1985 .....	114	78	192	- 126

Table 2

Foreign exchange earnings; f mln.

annual period	amount	change	%
1985/'84 .....	2.051	- 192	8.6
1984/'83 .....	2.243	- 187	7.7
1983/'82 .....	2.430	- 55	2.2
1982/'81	2.485	+ 200	8.8

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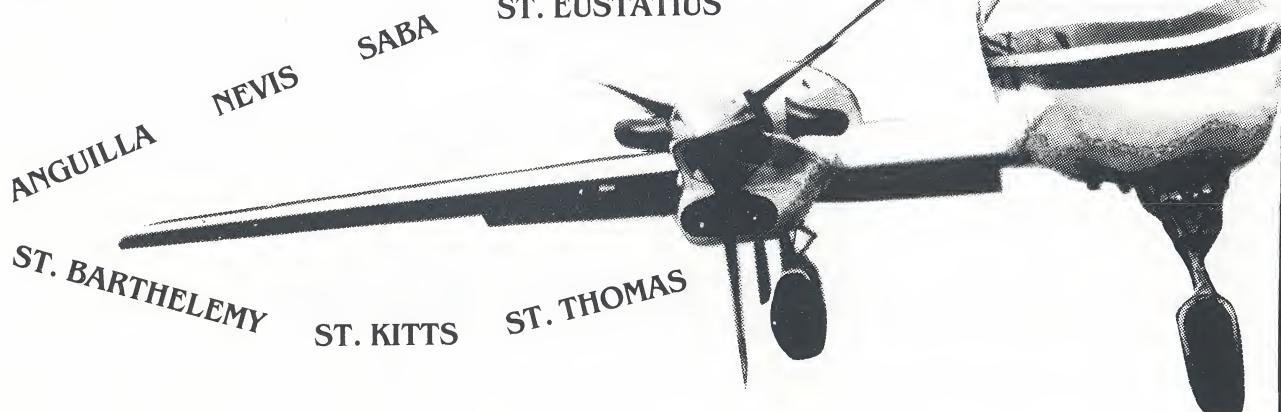
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introducing a crisis tax of a flat 10% on all personal income. The new tax was introduced without any consultation of the social partners and approved by Parliament within a few days effective September 1.

55% of the revenues, estimated at f 100 million per year is intended for reducing government borrowing from the Central Bank, 20% for financing budget-deficits and 25% for stimulating the domestic economy. No other cost cutting measures were taken and no economic vision was offered, which made it hard to see this tax measure as part of an overall policy.

The major explanation given was that by introducing an additional tax revenue domestic spending might be reduced to compensate both budget deficits and the balance of payments deficits.

Official figures on public finance are hard to obtain. The central government f.i. has not made up its budgets since 1982. However, the explanatory notes to the crisis-tax act showed the following survey:

elections the government, however, seemed to be expanding personnel at a steady place, even with funds running out. According to a recent IMF-report civil service compensation was high in the Netherlands Antilles, corresponding to an average of about f 45,000.— a year for a central government employee.

Subsidies to public enterprises appeared to have increased significantly in the 1982-85 period and included payments to the desalination plants in Curaçao and Aruba, to the national airline ALM, to the Curaçao Drydock Company and to various hotels.

In the beginning of September ALM asked for an additional subsidy of f 3.5 million as part of the maturing repayment on its aircraft. During the last four years the government had paid about f 70 million to the ALM, which received f 50 million as additional capital in 1982. Later on most of the redemptions on outstanding liabilities had to be paid by the government. It is expected that the subsidy to the ALM will reach a total of f 100

Gross revenues declined from f 80 million to f 40 million a year and personnel had to be laid off. At the moment the company employs only 1000 workers compared with 1200 at the end of last year. The government paid f 25 million both in 1984 and so far, in 1985. Additional funds will be required since the company is not expected to reach break even until 1987.

#### Public debt

The government financed its shortfall by selling treasury paper and bonds to the banks and the public as well as by borrowing from the Central Bank, and mainly by running arrears with the Social Security Bank and the pension funds.

In 1985 the public, the banking system and other financial institutions appeared to be reluctant to buy more government paper and at times even refused to reinvest maturing funds.

As a result the central government increased its borrowing from the Central Bank to about f 150 million, thereby exceeding its limit by f 60 million. The government announced its intention to redeem the borrowing from the Central Bank by using the crisis tax revenues that will be deposited on a special account with the Central Bank.

However, experience has shown that such intentions are hard to realize. The same intentions were announced in the past when the government started to issue treasury papers and bonds. However, all funds received were used for current expenditures. Even the balance of the special account for the liquidity reserve of the Giro System was finally withdrawn and used for current expenditures.

Furthermore, the government did not adhere to previously made promises or otherwise written stipulations, such as the revenue-sharing agreement, the freeze in hiring civil servants, the limit of the Central Bank borrowing or the stipulation to hand over premiums withheld for social security or pensions. Government promises have never provided solutions, on the contrary, they always were part of the problems. It is not sufficient to have money available; economic growth depends on productivity and improvement of competitiveness.

Public finance; f mln.

Table 3

	1982	1983	1984	est. 1985
revenues:				
— Aruba.....	287	275	207	155
— Curaçao .....	544	625	665	640
— Central Gvt. ....	247	243	244	229
Total revenues .....	1.078	1.143	1.116	1.024
expenses:				
— Aruba.....	188	234	253	240
— Curaçao .....	498	548	622	620
— Central Gvt. ....	373	397	395	412
Total expenses .....	1.059	1.179	1.270	1.272
BALANCE.....	+ 19	— 36	— 154	— 248

Domestic public debt; f mln.

Table 4

end of:	1981	1982	1983	1984	July 1985
central bank .....	90	89	99	107	135
treasury paper.....	125	197	213	215	197
	215	286	312	322	332

#### Government expenditure

The largest expenditure component comprised salaries and wages. To cut expenses the volume of personnel has to be reduced. In view of the increasing unemployment and because of the upcoming

million in the near future.

Also Curaçao Drydock increasingly received financial assistance from the government due to operational losses, which amounted to f 75 million in the period 1982/84.

#### Productivity

When economic growth started to de-

cline in 1982, competitiveness appeared to be a problem. Under influence of the oil crisis, resulting in high profits for the local oil refineries, the wage level had grown too much compared with that of the other economies in the Caribbean area. To compensate for decreasing sales and occurring losses some enterprises took cost cutting measures through reduction of staff volume and lowering wages as well. These measures were introduced after consultation with the labour unions. However, direct wage costs are still quite high compared to neighbouring countries, being on average about f 25,000.— p.a., which is hampering economic recovery and holding back investors from setting up viable projects, which is more urgently needed to improve the employment situation than additional government income.

As an alternative to the compulsory general wage cut the government has to develop an economic vision furthering the interests of the business sector. The emphasis has to be put on the improvement of productivity. The solution would be in working harder and longer, with unaltered wage level. A possibility is to expand the working week from 40 to 45 hours and perhaps go back to a six days' working week. In order to attract foreign investors the costs per product or hours have to be reduced significantly.

Of course other measures are also necessary; such as a reduction of the minimum wage, in particular for youngsters, adjustment of the dismissal law and labour law, as well as the shops early closing act.

The private sector should be the initiator in this solution, as it may not be expected that the government will ever solve such a typical business sector's problem as productivity. At the moment there is too much apathy. The labour unions are uncertain and the workers afraid of losing their jobs. It should be possible to solve this economic problem in close co-operation, e.g. through the Social Economic Board or the Chamber of Commerce.

### Political stability

Aruba will start functioning as a separate country within the Kingdom of the Netherlands (Status Aparte) as from January 1, 1986. This separate status is envisaged as the first stage in a ten-year transitional period leading to full independence in 1996. Last year the political parties that sustain the current government

**Table 5 Condensed balance sheet Central Bank; f. millions**

	1985			
	August	July	June	May
Gold	41	41	41	41
Foreign reserves	115	113	143	169
Fed. government	150	135	121	110
Island government	—	2	—	—
Banks	12	14	11	17
Other loans	1	1	1	1
Other assets	9	9	8	8
Total	328	315	325	346
Bank notes	156	164	172	174
Tax collectors	6	6	4	—
Island government	1	5	8	10
Giro service	1	1	—	7
Banks	39	13	40	41
Development project	29	34	8	19
Other deposits	20	17	18	18
Other liabilities	12	11	11	10
Capital and Reserves	64	64	64	64

**Table 6 Foreign exchange earnings; f. mln.  
(for the periods July 1 - June 30)**

	1985/84	1984/83	1983/82	1982/81
Earnings:				
Tourism	557	565	714	770
Transportation	321	318	340	475
Oil processing	300	432	517	401
Offshore finance	524	526	449	378
Sundry earnings	349	402	410	461
Total earnings	2051	2243	2430	2485
Import merchandise	1421	1408	1597	1641
Sundry payments	748	748	747	734
Capital payments	+ 5	- 86	- 28	- 38
Change Reserves	- 113	+ 1	+ 58	+ 72

signed a monetary agreement which provided two major conditions:

- Effective January 1, 1986, Aruba will introduce its own currency. All N.A.-guilders banknotes circulating on Aruba will be changed into Aruba currency, as will be the case with deposits held by Aruba residents. The countervalue of the banknotes and the deposits with the Central Bank will be put aside in foreign exchange in favour of Aruba. In principle the same will happen for the other islands for the purpose of the distribution of the gold stock and the foreign re-

serves.

- There will be a division as per the same date of all state assets and liabilities, including the remaining gold and foreign reserves, which will be divided in proportion to 30% for Aruba and 70% for the other islands. The inventory of state property and debt should be done before mid-1985.

Up till now, as far as known, no inventory has as yet been made. Very few arrangements are being made in preparation of these important constitutional and monetary changes. The government has only announced general elections to be

held on November 22. It is in the interest of the economy of all the islands involved that these changes take place quietly and in an orderly way.

Political stability is an important economic asset for all sectors, but especially for the offshore financial sector. All parties should realize that and act accordingly.

#### Currency

The date of January 1, 1986, when Aruba is separated from the Netherlands Antilles, could be an excellent opportunity to change the legal currency system not only for Aruba, but also for the other islands. The suggestion has been made, following St. Maarten's example, to introduce the US dollar as main legal tender and to use the NA guilder only as small money. Such a solution has distinct advantages for small and open economies.

It will certainly enhance confidence in the domestic means of payment. Businessmen, both local and foreign, are presumably more willing to invest in a US dollar economy. Foreign exchange control regulations can be abolished and monetary financing by the government will be limited. In a way the choice for the US dollar means a return to the gold standard of the past and the disadvantages would be few or non-existent. Greatest priority should be given to improving the decision making process of the government, which, when realized, would go a long way towards bringing about economic growth and additional employment. ■

Table 7

#### Public finance; f. millions

	1982	1983	1984	1985
<b>REVENUES:</b>				
Central Gvt.				
— Import duties	105	96	82	67
— Excise duties	43	50	62	73
— Forex commission	16	17	23	23
— Profit central bk.	14	26	13	7
— Sundry income	69	54	64	59
— ERNA transfers	52	88	98	...
Curaçao Gvt.				
— Income/wage tax	223	214	198	185
— Offshore profit tax	190	292	330	350
— Shell profit tax	28	28	28	—
— Sundry income	103	91	109	105
Aruba Gvt.				
— Income/wage tax	83	95	98	90
— Lago profit tax	156	129	48	—
— Sundry income	48	51	61	65
<b>EXPENDITURE</b>				
Central government	373	397	395	412
Curaçao	498	548	622	620
ERNA transfers cur.	38	57	73	...
Aruba	188	234	253	240
ERNA transfers Aru.	14	31	25	...
BALANCE	+ 19	- 36	- 154	- 248
— Central Govt.	- 74	- 66	- 53	...
— Curaçao	+ 8	+ 20	- 30	...
— Aruba	+ 85	+ 10	- 71	...

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**BREAKING RANK****AFTER QUITTING THE CABINET LEO CHANCE SUGGESTS  
TAKING A GOOD LOOK AT THE ANTILLES OF THE FIVE**

**In what is now only a matter of months Aruba will get its long coveted status aparte. But whether that breaking of constitutional rank will automatically lead to the launching of an Antilles of the five remaining islands is today not as certain as it once seemed. More of the same is the air. Keeping the five islands together will at least not be a smooth affair. The latest tax measure of the Central Government has not only prompted the Windward's majority party (D.P.) to withdraw from the cabinet, but also added to that party's doubts about the desirability of being part of the envisaged nation.** Says Mr. Leo Chance, home after retiring from his cabinet post, "The way this tax thing was handled is a lesson for all of us in the Windwards. Before launching the Antilles of the Five we should put it in dry dock and take a good look at it. It might not even be worth repairing".

Mr. Chance's remarks reflect his party's mood and certainly that of its leader for more than thirty years, Dr. Claude Wathey. Having been most instrumental in putting together the present cabinet Dr. Wathey appears increasingly disappointed in the Central Government's

apparent lack of appreciation of the fact that his island is going through a vastly different development from that of Curaçao. At several recent occasions he has hinted that St. Maarten might consider other future options besides the proposed one. When the cabinet overruled St. Maarten's objections to a 10% tax increase, Mr. Wathey called his party leader together to discuss what St. Maarten considers a Curaçao oriented measure which might seriously harm St. Maarten. The party unanimous decided to withdraw its support from the cabinet. Consequently Mr. Leo Chance, holding the portfolio of Labour and Social affairs in the Liberia cabinet, was called home. And it was there that AR sat down with him to discuss the recent events and their possible implications for the future.

When we arrived at his house high up in the hills Mr. Chance is busy watering a bed of young lettuce plants. There is obviously no need for any feeling of discomfort at interrupting him in his hour of relaxation. Tending to his garden or to the country's affairs are certainly not seen by him in the opposing terms of hobby and duty. In fact he loves both and has little difficulty putting down the hose and picking up the political discussion he has been

taking part in for more than 27 years. He begins by correcting the phrasing of our first question, which asks for his reasons for leaving the cabinet. "I do not represent myself, I represent my party. And while it is true that I myself did not agree with the tax measure, I left because my party did not agree". That record set straight, he explains the opposition to a measure which the cabinet deemed necessary to alleviate the government's rapidly deteriorating financial situation. First of all he recalls that he told his colleagues in the cabinet "before we go to the people, let us, government set an example ourselves".

The deficits prompting the rather stiff tax-increase should not have been there in the first place, according to Chance. He speaks of highly paid civil servants who do little more than collecting their salary. He mentions the huge amounts being paid out for overtime, which he calls "the biggest racket in the federal government". At one time he was under the impression that he had convinced the prime-minister, Mrs. Maria Liberia Peters. "We decided to stop these malpractices but the cabinet never stood firm".

Next he points out that the debated measure does not relate to St. Maarten's

**ABOUT SHELL AND HIS OWN FUTURE**

When Leo Chance finished his last day as Minister of Labour and Social Affairs, he hurried back to St. Maarten to prepare his home for the coming of hurricane Gloria. He completed the work of securing windows, doors and gates well in time. Gloria which had been heading straight at the island began to veer off to the north and never touched St. Maarten.

The incidence might be interpreted symbolic. All through his 27 years long political career Mr. Chance has worked hard preparing himself in advance for what might come. More than once things turned out better than expected. During his latest stint as a cabinet member he was deeply involved in saving Curaçao's refinery from closure. Asked whether he feels happy now that Venezuela's PDVSA has taken over the former Shell plant, he replies: "There is nothing to be really happy about, but I might say — yes — there is a measure of satisfaction about the fact that the government's efforts have been rewarded". He is of the opinion that the PDVSA has been sincere all along, but warns that no-one must expect the Venezuelans to subsidize the refinery. He learned from the experts that the Curaçao operation

is still viable, as the PDVSA in contrast to Shell does not have to buy the required crudes. What Curaçao (at no small cost) has bought is a grace period of stability. And the main question is whether the island will use it to its best advantage. He does at least not expect any labour unrest. Expressing great respect for most union leaders he says: "They are well aware of the situation and know that the PDVSA cannot do more for them than it does for its own people in Venezuela".

When we ask Leo Chance what he is going to do after all these years as St. Maarten's "minister of Foreign Affairs", he laughs and says: "Yes, that is the way I have used my position. I have always realized that I was representing the people of this island and not myself. And let me add that I have always been given a great measure of confidence. When a problem came up and I consulted with Claude (Dr. Wathey) he usually asked 'what do you think yourself — well go ahead and handle it'." But will we see him back in a political position? "What will happen, is up to the party". ■

situation. One of the professed motives for the increase was to slow down the outflow of foreign reserves. "But", says Chance "St. Maarten has no shortage of foreign currency but is in fact earning it for the country. Instead of stifling St. Maarten's economy (by putting such a heavy burden on its shoulders) I would suggest to use it". St. Maarten even suggested the Central Government to collect certain taxes on the island dollars.

"But in spite of everything we said we would go along if two conditions were met". The first one concerned the setting up of a properly working tax-department on the island. The second demanded price-control with regard to the immediate necessities and utilities. "We felt that these conditions should be made effective simultaneously with the tax measure.

The first condition in particular is regarded a high priority by St. Maarten. Tax collecting is so deficient on the island that many pay no taxes at all. Increasing taxes with 10% would only mean that the small group of people who are paying their taxes would now have to pay even more while many other would continue to pay nothing. It would thus aggravate a very undesirable situation. The director of the Central Bank, according to Chance, estimates the income out of St. Maarten as a result of the 10% increase to be Naf. 14 million. But setting order to the tax-inspector's office would bring in at least Naf. 20 million more apart from the 10% measure, says Chance. But the coalition parties were not willing to grant St. Maarten these pre-conditions. In particular the Curaçao parties PNP + DP felt that the tax measure should apply to all islands simultaneously. "Well", says Chance, "we did not want to be pressured. The prime-minister, Mrs Maria Liberia Peters, once said that six different islands with six different economies require six different treatments". This was a moment, according to Mr. Chance, to apply that insight. And once more he stresses the point that the St. Maarten situation should be used rather than killed! St. Maarten is an earner of foreign currency a situation which should be promoted rather than jeopardized. Afterall when the coalition was formed, it was agreed to set up a properly functioning tax collector's office on the island. Acting on that agreement the Central Government might have gone far in helping St. Maarten to become financially self-sufficient. But no action was taken, says Chance, who seems to imply



that the Central Government in Willemstad is overly occupied with the problems of Curaçao at the expence of St. Maarten.

When Mr. Chance informed Dr. Wathey of the cabinet's decision to bypass St. Maarten's objections (and suggestions), a party meeting was called resulting in the withdrawal from the coalition. By way of afterthought Mr. Chance remarks with an undertone of disappointment that while he abstained from any comments after that decision was taken, several politicians in Curaçao began vilifying St. Maarten calling its people 'ungrateful'.

These rather unfortunate developments may have serious implications for the future. On several occasions during the past year Dr. Wathey has indicated—as reported by AR—that St. Maarten might reconsider its position within the Netherlands Antilles. Remarks which up till now do not seem to be taken very seriously by Curaçao. It should be observed that Curaçao reacted in the same manner to similar voices in Aruba years ago, thereby allowing a situation to develop which few initially wished even in Aruba. Asked for his comments on this issue Mr. Chance states bluntly that the recent developments have taught the Windwards a lesson.

"I have often been called a Great-Antillean (meaning a person who does not primarily think in terms of island individualism), but as a representative of the people I have learned that one cannot play around with their feelings and aspirations. An Antilles of the Five must not be such that the identities of the islands are sacrificed to keep the Antilles together".

For that reason, Mr. Chance continues, work is presently being done on proposals which give the islands a constitutional guarantee that "things like the 10% measure cannot happen again".

Obviously voicing the mood on his island or at least in his party he adds "if such guarantees are not forthcoming we may have to look elsewhere".

Pressed to define this 'elsewhere' he evades becoming too exact, but mentions three possibilities.

"First of all we might seek a special relationship with Holland. Most people on the island would prefer such a solution. But such a relationship, says Chance, should be based on mutual respect". His latter remark seems to refer to the fact that the Netherlands and not in the least the Dutch press have an inclination to address (or write about) the island in a derogatory manner. The inevitably negative aspects accompanying an economic boom seem to be getting all the attention, whereas the rather impressive economic performance is hardly ever given its due.

Other possibilities Mr. Chance mentions are following the example of independent Antigua—"which is doing fairly well and not much bigger than us"—or closer ties with Venezuela. Being half French and half Dutch a special relationship to the European community might also be thought of.

If Mr. Chance—like his party leader Dr. Claude Wathey—sounds vague with regard to these other options, he certainly does not with respect to the Antilles of the Five concept. That, he says, should be weighed very carefully. There should be little doubt that St. Maarten's politicians will do exactly that in the coming months.

## BUSINESS SURVEY:

# THE ANTILLEAN ECONOMY CONTINUES TO DECLINE

This is one of the main conclusions derived from the Business Survey 1985, issued by the Interdepartmental Working Group (I.D.W.).<sup>(1)</sup>

The survey, held for the fourth successive time, covers 155 companies, including almost all the large companies in the Antilles and representing about 38% of the employment in different sectors of economic activity on the six islands.

The objective of the survey is, to give an insight into the development of the private sector during the period 1984-1985 and 1985-1986.

Having passed reasonably well through the international recession from the end of the seventies up to 1982, the situation has now reversed for the Antillean economy. While the main industrial countries are experiencing growth, the Antilles notice very little of this trend; instead the situation is even getting worse.

The reason for this is that the economy of the Antilles is very small and open, and based only on a few sectors. When those specific sectors decline, due to international developments, such as the decrease of Venezuelan tourism, the overcapacity in the oil-sector, international tax-treaties, the economy of the Antilles is then considerably affected.

This appears clearly from of the Business Survey 1985. Some of the results follow here in more detail<sup>(2)</sup>.

### Employment

A further decline of employment of 11% (2200-2300) in the 155 companies between 1984 and 1986 is expected. This is caused by two sectors, Industry, because of the closure of the Lago refinery on Aruba appr. 950 employees will be dismissed, and Construction which will face an employment fall of 41%. Only the

Hotel and Catering sector show a light increase in employment. On Curaçao, and in particular on Aruba, a decrease in employment is expected.

### Wage costs

The average wage cost on the Antilles is f 33,000, although it differs largely per sector and island. For instance, the average wage in the Industry sector (f 47,000) is more than two times as high as compared to the Trade sector (f 22,000) and the Hotel and Catering sector (f 19,000). Curaçao's wages (f 39,000) distinctly remain the highest, which to a large extent can be explained by the sectoral structure.

Throughout all the sectors the total wage costs have been (and still are) declining, which implies less employment and/or lower wages. Only on St. Maarten a rise in the wage sum is expected; the majority of Aruban and Curaçaoan companies depict a decrease in the near future.

### Labor shortage and labor surplus in the companies

Most companies seem to be fairly content with their personnel. On the one hand a quarter of the companies mention a surplus of unskilled labor, while on the other hand they maintain there is a shortage in all categories of labour. Taking into

account the demand for and the surplus of labour, it seems that the unskilled and most administrative workers have the worst prospects.

In the sectors Construction and Financial services the surplus of labour is the largest. The island of St. Maarten, however, has a labour shortage; on Curaçao one out of five companies allege they have too many employees.

### Sales

Sales have been declining since 1982, but there seems to be a duality in this development; domestic sales are going down, while exports are growing or at least stabilizing. The largest export market is the U.S.A., while Latin-America and the Caribbean are of secondary importance.

All sectors are coping, now as well as in the near future, with decreasing sales, except the Hotel and Catering sector. Most companies on Aruba and Curaçao will face a further decrease of sales, while on Bonaire and St. Maarten sales prospects are positive.

### Profits

The number of private companies making profits has risen in 1984, but on the other hand the total sum of profits is stabilizing or declining, which indicates a

Table 1: Some economic indicators for Aruba, Bonaire, Curaçao, St. Maarten and the Netherlands Antilles.

	Aruba	Bonaire	Curaçao	Sint Maarten	Neth. Ant.
average wagecosts (xf 1000) '84 .....	27	20	39	21	33
employment reduction 1984-86 (%)... .	-24	+14	-10	+ 3	-11
share of the number of companies (in %).....	—	—	—	—	—
wagecost reduction ('85).....	73	30	60	5	54
decline of sales ('85).....	76	45	70	15	62
making profit ('84).....	56	50	64	83	63
under utilization of capacity ('85).....	53	27	49	15	42
less investment in buildings ('85)....	39	27	37	0	32
less investment in means of production ('85).....	64	27	45	13	44

<sup>(1)</sup> The I.D.W. is an advisory group for the Central Government on socio-, financial- and economic issues. The working group consists of the directors of the Central Bank of the Netherlands Antilles, the Department of Finance and the Department of Economic Affairs.

<sup>(2)</sup> The island of Saba and St. Eustatius are not mentioned in detail here, because of the small number of observations made.

levelling. The amount of profit-making companies however is still too small. The profit-making sectors of the Antilles are the Financial services and the Hotel and Catering sector. The sectors of which more than 40% do not make any profit are Construction, Trade and Transport & Communication.

The business results are the best on St. Maarten, where more than 80% of the companies make profits in comparison with the other islands and in particular to Aruba and Bonaire where less than 60% have a positive business result.

#### Capacity level

In comparison to the number of companies which show over-utilisation of their production capacity, there is a lot of under-utilisation. In 1984 and in 1985 there will be a further increase in under-utilisation.

Companies which have an under-utilisation of 50% or more in 1985, are concentrated in the sectors Industry, Construction and Financial services and are mainly situated on Aruba and Curaçao.

#### Investments

If it can be assumed that investments give a picture of the economic future, then the economic growth won't be large or will even be negative in all the sectors, except in the Hotel and Catering Industry on the islands of Bonaire and St. Maarten.

In brief some economic indicators are summarized in table 1.

Although the general picture is especially gloomy for Curaçao and Aruba, there are still some bright spots.

One of these spots is the growth of the Hotel and Catering industry. This applies for St. Maarten, Bonaire and Aruba; for Curaçao the prospects in this sector are less positive.

The other bright spot is the fact that private companies seem to adjust themselves to the decreasing economic activity by lowering the wage costs and increasing their efficiency. Because most sectors will face a declining (domestic) market in the near future, the adjustment process has to go on in order to survive. ■



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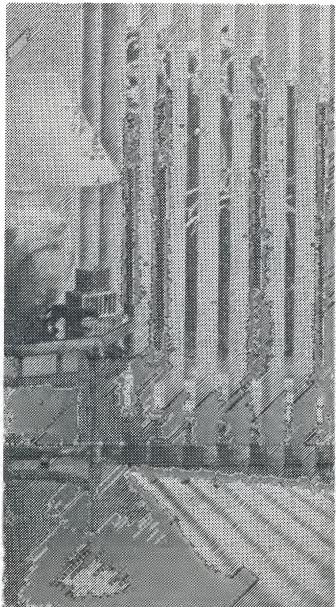


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# PLEA FOR JUDICIAL REVIEW

by Rutsel S.J. Martha

The recent discussion that has arisen from the introduction of the controversial 10% crisis tax, has focused attention on a problem deemed crucial to foreign investors.

This 10% crisis tax was introduced by the Federal Legislature of the Netherlands Antilles as a measure to prevent an imminent economic disaster caused by multiple factors. Resorting to the imposition of the tax — effectively a 10% increase on income tax — was decided on after an abortive attempt to impose a 15% nominal wage reduction. The latter measure was deemed necessary as a means of making the country competitive in terms of wages, as well as a way of correcting the balance of payments disequilibrium. The 10% crisis tax can thus be considered a substitute for the nominal wage reduction, which was aimed at creating a more favourable climate for foreign investors.

The question, however, has been raised whether the tax measure is not in fact of an unconstitutional nature. An allegation which has hitherto gone untested as it has unfortunately been too readily assumed that acts of the Legislature are not subject to judicial review. It is exactly this assumption which will cause the tax-measure to be counter productive with regards to attracting foreign investments. For if potential foreign investors learn that their constitutional rights can be infringed upon by the Legislature, without any recourse to judicial protection, they will, understandably, avoid investing in the Netherlands Antilles. Such a reaction, it should be observed, cannot be blamed entirely on an undisciplined Legislature. It is submitted that the judiciary is primarily at fault for not assuming its constitutional responsibility by declining to investigate the constitutionality of legislative acts.

Opposition to judicial review of legislative acts can be traced back to 1951 when the Court of First Instance of Curaçao ruled that the Antillean Constitution (article 21) is opposed to judicial review. Although such an interpretation of the article concerned cannot be legitimated on grammatical grounds, a later Court decision endorsed the view in 1979. This in

spite of the fact that the District-court of Rotterdam had ruled otherwise in 1954. But the majority opinion is against judicial review and no higher court has ever yet ruled on the issue. The question therefore may be raised why there is such a strong opposition to judicial review.

There are at least two reasons which might possibly explain the matter. Firstly, the judiciary is composed of judges trained in Holland. The organization of the Dutch State is based on the form of a decentralised entity with a constitution which explicitly prohibits judicial review. Thus it may be inconcievable to a jurist trained in Holland that acts of the Legislature can be declared unconstitutional by a judge.

Secondly, one may attribute the present attitude to the colonial past of the Antillean constitutional system. In colonial times the local Legislature was in fact the Dutch Legislature in The Hague and its acts were subject to the same constitutional prohibition of judicial review as are all other Dutch legislative acts. Therefore, one can imagine that the tradition was continued after the Netherlands Antilles became autonomous in 1954.

The reliability of a legal system, however, is an important factor in any foreign investment decision. A country the legal system of which is volatile, is unlikely to attract any foreign investors. U.S. investors in particular are very sensitive as to the sanctity of constitutional rights. They count on the constitutional integrity of legislative acts and the power of judicial review as a corrective instrument.

For instance, if during the administration of a liberal party the foreign investor is attracted by incentives enacted by law, it should not be possible for such incentives to be rescinded by a subsequent socialist administration. If such possibility exists, the potential investor will be advised to invest elsewhere.

If, however, the investor can be given the guarantee that the judiciary is prepared to avert unconstitutional attempts affecting the rights of the individual, including those of foreign investors, then

judicial review can operate as an investment incentive.

Should this assertion be correct, it will be necessary to scrutinize the propriety of abstaining from judicial review of legislative acts. Such practice, it is sustained, is incorrect since no valid argument supports it. On the contrary, judicial review seems to be a logical necessity in the Antillean constitutional system, which is basically a federal system. For, without it the Central Government would be able to usurp the power of the constituent parts without the latter having any recourse in law.

Besides, the Article which alledgedly prohibits judicial review, has historically, never been given that interpretation. The provision in question finds its origin in the constitution of Indonesia when that country was still a Dutch colony. The function of the provision was then to determine the temporal validity of local regulations. It was never intended to be nor was it interpreted as a prohibition of judicial review.

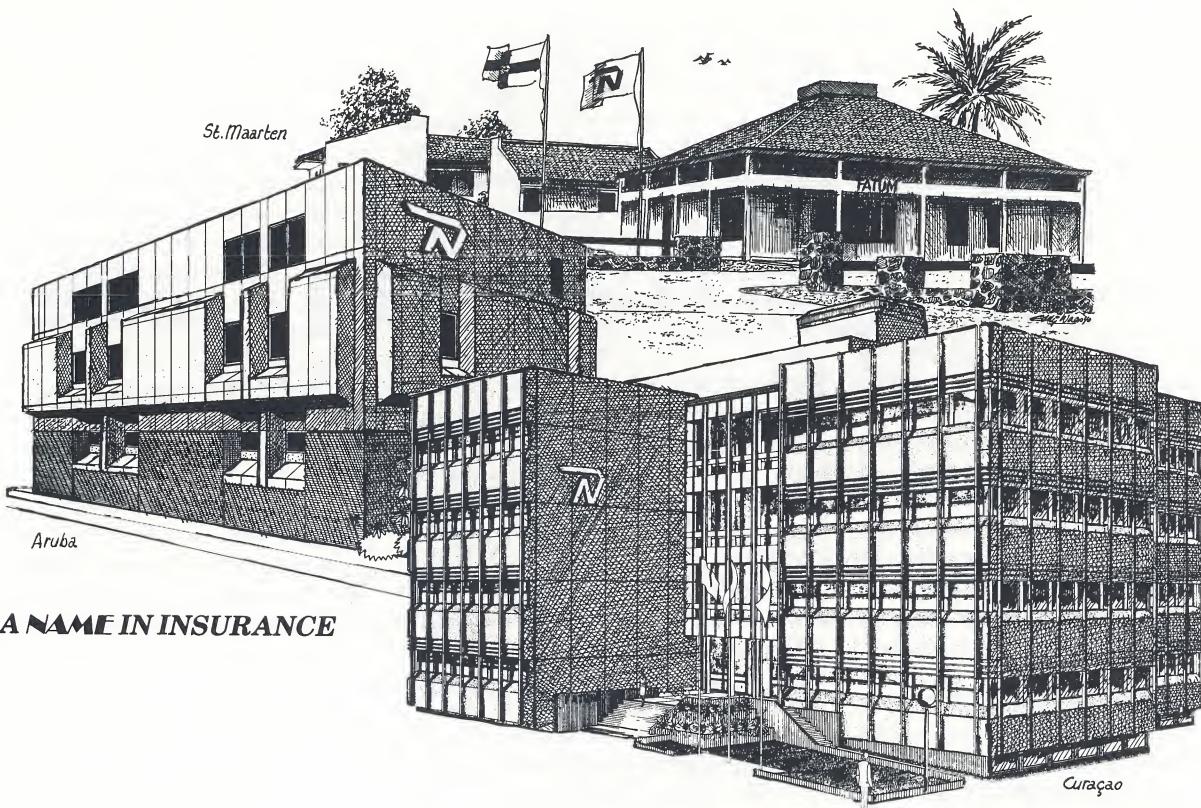
There is, however, a stronger argument militating against the opposition to judicial review. Such opposition is hostile to investors, apart from being negligent with regard to basic democratic values. This is certainly true for countries in which the legislature appears to have no compunction as to undue constitutional behavior. The Legislative is then a potential enemy to the investor.

Turning to the Antillean case it should be observed that the unconvincing manner in which the Legislature has reacted to the above mentioned allegation, gives rise to a certain measure of concern. For, if measures and laws can be proclaimed and enforced even if they are of an unconstitutional nature, citizens and foreign investors will find themselves in a most helpless situation. So it is submitted that for the sake of rule of law the judiciary must declare itself willing to review legislative acts. If it is correct that the rule of law is also a condition for foreign investment, this becomes even more urgent. The judiciary has a task also in this respect. ■

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*Analyzing Government Organization*

# CIVIL SERVANTS COMPLAIN OF LACK OF MOTIVATION

by Peter Verton

**In April 1985 the Government of the Netherlands Antilles announced a considerable number of measures soon to be taken. These measures have as objective to try to regain a balance between the decreasing revenues and the (continuously) increasing expenditures of the government. Thirty-seven of the seventy-four measures announced concerned the government and its civil servants. In the meantime it has become evident that the effects of these measures will not be sufficient and therefore a general 15% reduction in wages and salaries, to become effective on July 1, was subsequently announced. This date was subsequently postponed to August 1, 1985.**

The reduction would not only apply to workers employed by the government, but also to those in the private sector. Up to now the protests uttered by the civil servant's labour unions have met with little sympathy from the public in general. On the contrary, comments could be heard that a salary reduction for the civil servants is more than justified. Many consider the increase in government expenditures, which runs parallel to an increase in government personnel, objectionable to say the least. All the more so as productivity in government services remains low as ever. In addition criticism can be heard in many circles about the way the government functions.

## Criticising government

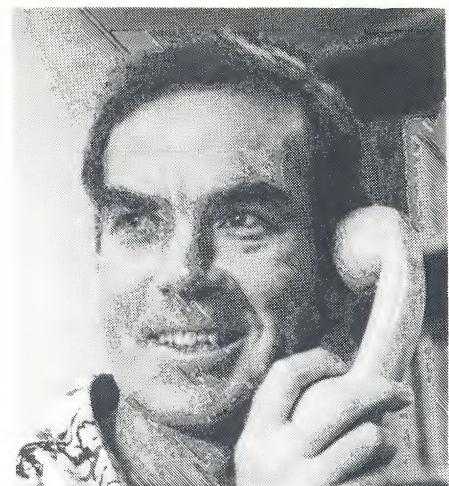
The complaints come from different sectors of the community. The Central Bank of the Netherlands Antilles for instance in recent months has repeatedly urged the Government to execute the recommendations regarding a financial-

economic wage reduction policy, drawn up by an Interdepartmental Working Committee (IDW) in November 1984. These recommendations were later supported by the advices given by the International Monetary Fund (IMF).

The Chamber of Commerce and Industry and the Business Association plead for abolition of the Discharge Act and amendment of the Minimum Wages and Job Termination Compensation Acts. The United Labour Unions demand price regulation measures, seeing that as a result of the increase in prices and tariffs on the one hand and decrease of wages on the other hand, the population's buying power is being assailed from several sides at the same time. The hotel and restaurant sector request a more professional approach in tourism promotion. The unemployed and the homeless look to the Government to provide them with jobs and houses. Most of the criticism again and again boils down to the fact that no measures are taken. The Government is reproached that governing lags far behind what is really required.

## Obstructing change

Both outsiders and insiders, authorities and civil servants, recognize the deficient functioning of the governments of recent years. With the help of technical assistance from the Netherlands attempts have often been made to bring about a change for the better. Studies were made and reports drawn up with the objective of making the government machinery run smoother. However, it proved to be very difficult to build a bridge across the gap existing between drawing up a report and executing it. With the departure of the experts the proposals for change dis-



appeared into the proverbial desk drawers and filing-cabinets. Only those measures approved by the civil servants of a particular service have a chance of being carried out successfully. If the civil servants have no insight into or confidence in the imminent changes, they will resist them. Fear for an unknown, unclear future situation makes them cling to existing situations no matter how badly organized.

The objective of this article is to try to throw some light on the government organization, the necessity to bring about changes therein and the attitude of the civil servants with regard to such changes. The findings of an inquiry conducted among participants in a course for civil servants of lower rank, who wish to attain middle management level, are presented as indicators for the views and conceptions prevalent in the government offices.

## Inflating organization

Complaints on the part of the community about the deficient functioning of government institutions; admonitions by one service to the other to react more quickly to requests for information, of subordinate civil servants to heads of service for justified arguments for rejecting promotion proposals, these are (only) a few of the signs indicating that the government does not function properly. A Minister, Commissioner or Head of Service who wonders what lies at the root of these expressions of dissatisfaction would do well to find out what is lacking in the organizations in question and the people employed therein.

Organization presupposes as a first step determination of the job objectives that have to be reached. Per section of an orga-

nizational whole a package of tasks must be stipulated proceeding from these objectives. Tasks combined with responsibilities form functions. A good organization presupposes logically determined, clearly defined and well described functions. More than half of the 48 third year students who participated in the inquiry were of opinion that in the service where they are employed organization or re-organization has to be effected before a proper determination, definition and description of functions can be realized.

A large part of the central government of the Netherlands Antilles is established in Curaçao. In addition there is the insular government of the island territory in question. Since the middle of the present century there has been a great increase in the number of government tasks. Nowadays nearly all spheres of social development are considered to belong to the responsibility of the government. In addition the government is expected to take measures in a planned and visionary manner and not on an ad hoc basis or after the fact. During the period of autonomous government of almost 35 years that followed upon the period of colonial government, the number of government personnel has increased considerably.

At the end of 1983 well over 1 / 6 part of the total working population of around 48,000 in Curaçao - 8420 persons - were directly employed by the governments, not including the personnel of the government enterprises like Setel, Kodela and KAE, and enterprises that can only operate with government subsidy such as the Curaçao Dry Dock, A.L.M. and the majority of the large hotels.

The strong increase in personnel is not only a consequence of an extension of the tasks of the government. General suffrage introduced in 1948 during the fifties and sixties led to elections, which for many voters and candidates were a means to attain progress in society. Political patronage, a system of favours and promises, came into being. This also had its influence on the government services. Civil servants were no longer employed and promoted exclusively on the basis of their qualifications and competence. Political preference often played a part. Gradually the situation grew in which many appointments were not the result of growth of the package of tasks of the government. Only the quantity of government personnel increased and not its quality. The administrative point of departure of "the right man on the right place" obviously had to make way for the political credo "please the voter and win the elections". The question which now must be raised is: what do the civil servants themselves think of this development?

ly, badly or very badly motivated. The little enthusiasm emanating from these answers requires a more profound examination.

### Change factors

According to the civil servants questioned three groups of change factors should be pursued in order to arrive at a better functioning of the government.

- (1) A change in the attitude of authorities, politicians and civil servants themselves, from the highest to the lowest in rank;
- (2) improvement of the skills and experience of the government employees; and
- (3) improvement of the organization and execution of tasks within the services.

A change in the attitude of all the authorities and civil servants was given the highest (46%) priority. The two other change factors most often indicated were (1) a change of mentality, less egoism, more co-operation, giving sound arguments for rejections; and (2) more time for the personnel and equal treatment. Also attempts to improve the skills and experience of government personnel attained a high score (40%). The two factors indicated in the majority of cases was (1) not to use political criteria when selecting personnel; and (2) amendment of the central government ordinance Civil Servant's Material Rights (L.M.A.) to the effect that the inequality existing in the legal position of men and women and married and single persons be abolished.

Fourteen percent (14%) of the respondents gave priority to changing the organization and the performance of tasks within the organization. The factor stressed most within this group were (1) better communication and clearly defined task descriptions. ▶

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## Salary reduction

Among the civil servants questioned the tendency existed to bind (further) salary reduction to certain conditions. By the measures taken in April among other things the vacation allowance and Christmas bonus were suspended, while periodical salary increases will take place one year later than they were due. Now it is being said that at the beginning of August a strong reduction in salary will be effected. Many comments could be heard in the sense of.... 'I am willing to give up a part of my salary, but then this or that has to be done....'

The suggestions made in this sense can be classified in three groups of conditions: (1) non civil servants also have to give up part of their income; (2) the provisions of the LMA must be strictly applied; (3) a convincingly good example must be set by the authorities, politicians and top civil servants. Also in this case all the civil servants questioned were of opinion that all the three groups of conditions have to be met to make a salary reduction acceptable. All the students (224) were asked: which group of conditions out of the three would you insist most upon in case the

government makes you give up part of your income.

Most respondents (57%) gave priority to a convincingly good example set by the authorities, politicians and top civil servants. Within that group of conditions two were mentioned with the utmost emphasis; (1) more management, less politics, and (2) less official travelling and then certainly not "royal", but "economy class".

Subsequently 34% of the civil servants questioned gave priority to the condition that the non- civil servants also have to give up part of their income. In doing so emphasis was put on (1) the prices; (2) the salaries in the private sector. Finally 9% of the respondents preferred a strict application of the LMA with as most visible factors. (1) determination of the number of government personnel; and (2) no political appointments.

## Summary

The low productivity of government is also caused by deficient organization in a number of government services. The many proposals for change that never reached the execution phase and the views

of the group of civil servants questioned bear out this allegation. Everybody concerned, authorities, civil servants and the public fully agree with the view that it is necessary to start a process of reorganization. In executing these processes the civil servants concerned will have to play a larger part than what was realized up to now. For it is they who determine whether or not the change procedures will develop successfully.

For that reason it is important to have an insight into what the civil servants think about the contents and handling of changes. In the information obtained from the inquiry concerning changing factors and conditions for accepting salary reduction, two basic sounds can be heard, which can be considered indicative for what the civil servants are thinking. (1) Mixing politics and official matters is the cause of many problems and displeasure in the government; (2) appreciation for persons with opinions and insight of their own without distinction according to rank, sex or civil state has to be the focal point in the way civil servants are treated. In every change process due attention should be paid to these lines of thought of the civil servant body. ■

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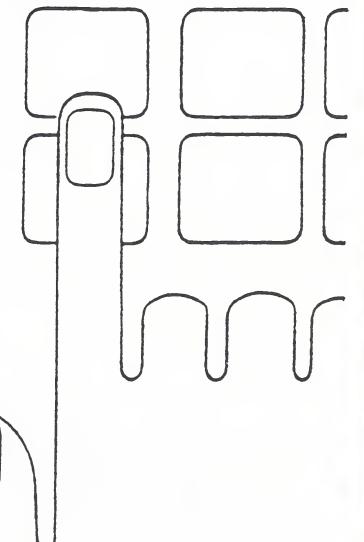
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## THE POLITICAL SYSTEM

# CHANGES FOREGOING COALITION CABINETS SHOULD MAKE GOVERNMENT MORE EFFECTIVE

by Peter Verton

On January 1, 1986, the Netherlands Antilles will be subjected to constitutional changes which could apparently no longer be avoided. The enforced co-operation between Aruba and Curaçao, which as a matter of fact was never a success, will then come to an end.

As a consequence the period in which all attention and energy had to be devoted to the inter-island controversies will also be over. But whether this will mean that the socio-economic development of the islands will at last be given the attention it requires, whether government will really make a serious attempt to govern, depends on a number of additional conditions.

For that purpose some political changes of a structural nature are needed as well. What is urgently required is a re-orientation of the Antillean political system resulting in productive government. This necessity of change is the theme of this article. A brief review of the political developments of the past six years will be followed by an evaluation of that period. The cultural and structural changes which should then be understood as "a must" to put order to the Antilles' political house will finally be mentioned.

### Elections and coalitions

The 1979 elections for the STATEN (national parliament) resulted in Curaçao in a resounding victory for the MAN of Mr. Don Martina. The party took 7 of the 12 seats allotted to that island. In Aruba Betico Croes' MEP performed similarly well taking 5 of the 8 Aruban seats. Together with the UPB of Rudy Ellis of Bonaire (1 seat) a coalition was formed, which would afterwards be given the name: Martina Cabinet I.

In that same year, however, a coalition was formed to take care of the government of Curaçao, which excluded the MAN and consisted of those parties which on the national level were in the opposition: PNP, DP and PSD. When this coalition fell in 1980, the MAN and DP, each hold-

ing six seats in the island parliament, joined forces and took over the island government. This development opened up the possibility for the DP, which held 3 seats in the STATEN, to join the national government as well to provide the Martina Cabinet I with a comfortable majority: MAN—7, DP—3, MEP—5, UPB—1.

Soon, however, the question how the authority of the national government relates to that of the island governments began to plague the cabinet. The issue at stake was the suggested possibility of oil close to the shores of Aruba. The ensuing debate resulted in the MEP leaving the coalition in September 1981. This meant a cabinet crisis, as the remaining partners together only held 11 of the 22 seats in the STATEN. But hardly had the Martina Cabinet I fallen—in fact on the following day Dr. Claude Wathey of the Windward Islands' Democratic Party offered to join the coalition, Martina Cabinet II was born, consisting of MAN (7), DP (3), UPB (1) and DP-Windwards (1). It would not last long. In January 1982 Mr. Boy Rozendal, the former leader of Curaçao's DP and prime-minister before Martina took over, who had suffered a humiliating defeat at the 1979 elections, terminated his support of the coalition, it was said for reasons of revenge. His party subsequently expelled him, but the cabinet nevertheless fell.

In June 1982 another round of STATEN elections was held. In Curaçao the result read MAN 6, DP 3 and PNP 3. In Aruba the picture hardly changed: MEP 5, AVP 2 and PPA 1. The Governor of the Netherlands Antilles next invited an 'informateur' to study the possibilities of forming a so-called national cabinet, as the impending constitutional changes required the co-operation of all groups and parties. The MEP declared itself willing to go along on the condition that it would be given the portfolio of finance in the new cabinet. But the MAN and the other

Curaçao parties could not agree to such a pre-condition. The self-interest of each island and party prevailed and the efforts to arrive at a national cabinet came to nought.

When in August the MAN against all tradition proposed to nominate one of its followers to the position of lieutenant-governor of Curaçao and moreover insisted on the re-appointment of its minister of finance (who no longer enjoyed the support of the former coalition partners) in any new cabinet, the DP declared itself unwilling to continue co-operation with the MAN. At long last a coalition (Martina Cabinet III) is formed in November 1982, the partners now being: MAN (6), PNP (3), the Aruban opposition parties AVP (2) and PPA (1), the UPB of Bonaire (1) and the DP of the Windwards (1).

In April 1983 the electorate is once more called to vote, this time for the island parliaments. In Aruba the MEP appeared to be as strong as ever, taking 13 of the 17 seats in the island council. The AVP takes only 3 and the PPA just 1 seat. In Curaçao MAN is now being threatened by the PNP: MAN 8, PNP 7, DP 5 and the FOL 1. In Bonaire the tables are turned. The UPB loses its majority to the DP of Mr. Jopi Abraham.

Shortly afterward the AVP, arguing that the voters have obviously not appreciated its participating in the coalition on the national level, leaves the cabinet. Consequently the coalition's majority in the STATEN is reduced to the barest minimum of 1 vote. When in June '84 MAN delegate Mr. Roy Markes, who also happened to be the president of the STATEN, withdraws his support to the government, Martina Cabinet III falls.

The Governor requests Dr. Claude Wathey of St. Maarten to research once more the possibilities of a national government. The intricacies of the decolonization process and the deteriorating socio-economic situation demand the contribution and co-operation of all con-

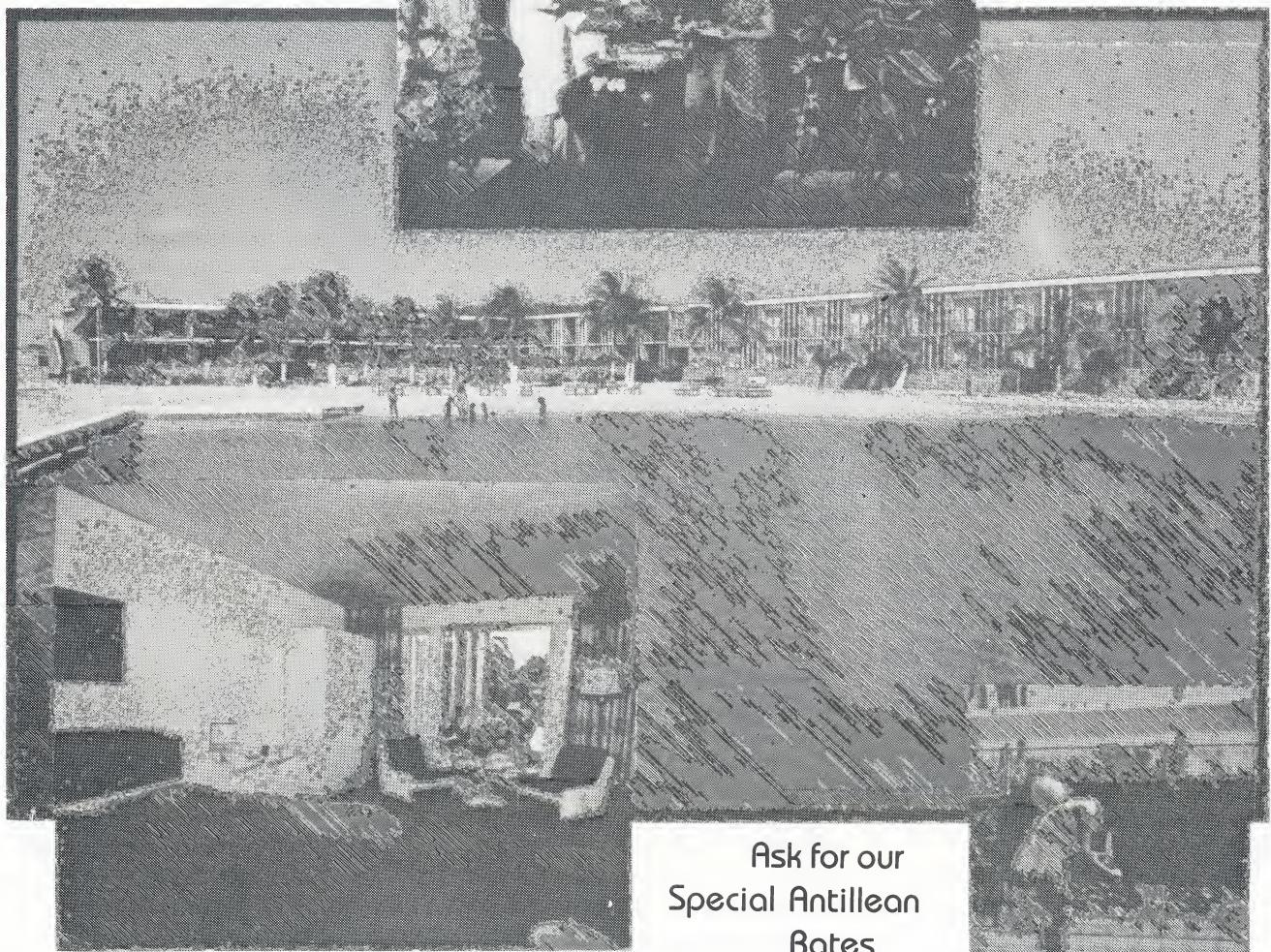
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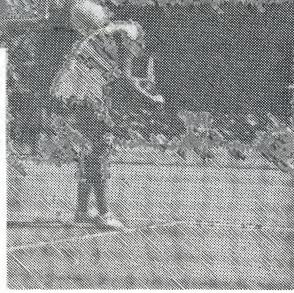
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cerned. When the representatives of all political parties at last meet in St. Maarten, they are asked to leave the question of the premiership open and first concentrate on formulating a consensus with regard to the policies of a possible national cabinet. The MAN, which was clearly set on a Martina Cabinet IV, refuses to accept this condition and leaves. The remaining parties then reach an agreement on matters concerning the gold and foreign reserves and the airline in relation to the impending status aparte of Aruba. The issue of close co-operation between Aruba and the Antilles of the five, as stipulated by the Round Table Conference of 1983, is simply dropped. The tiresome formation is then concluded. The MEP (5), DP (3), UPB (1), DP-Windwards (1) together with the ex-MAN delegate Markes and ex-AVP delegate Lopez Henriquez pledge their support to the new cabinet led by Mrs. Maria Liberia-Peters of the PNP (7).

#### Plenty politics, poor government

Having taken a bird's eye view of the past six years the question arises what

really marks our political system. The answer is not encouraging. The formation of coalition governments has proven to be a box of Pandora, from which all sorts of political disasters arose. Time and again the politicians professed to the need for a 'national' cabinet with a view to general interest, but in fact it were petty party and insular interests which continued to determine the political process. Majority parties were manoeuvred into the side lines. Political rancour, personal interest seeking by the elected and inter-island controversies constantly threatened to break up the coalition governments once they were formed. Deserters were warmly welcomed by the other political fractions.

The electorate's influence on the political developments remained as little as ever. The respective parties continued to draw up their lists of candidates without involving the voters. Coalitions were formed and dissolved, policy agreements drawn up, the country sundered, but the public's opinion was not asked for. Once cabinets were formed, matters of a constitutional nature as well as the conflicts of interest between the islands took up all their time.

And worst of all, whether because of lack of time or because of lack of capability, little came of governing itself.

The present political system falls short in many aspects. Cultural as well as structural changes will be necessary to assure proper government in the sense both of quality and productivity.

#### Promoting a change of attitude

The pursuance of personal and party interests characterize the political culture as it has manifested itself hitherto. In this climate elections are regarded by voters and candidates as periodically returning opportunities to better their personal lot.

The corresponding conceptions and attitudes are passed on from generation to generation. Thus incorporating in the school curricula subjects aimed at political and administrative education may be one way of securing in the long run a more responsible attitude and furthering the idea that quality should come first.

#### Appointing technocrats

On the short term a change in attitude and thinking will have to be promoted by

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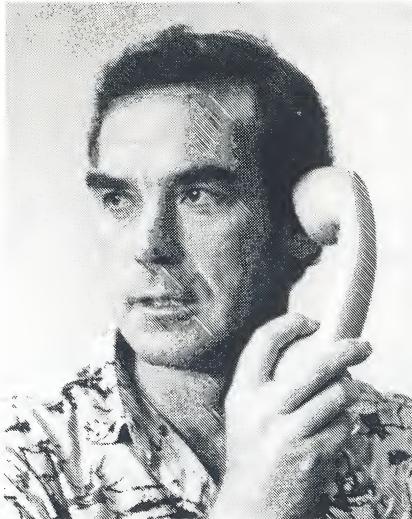
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the political leaders themselves. The appointment of technocrats or professionals in executive positions could do much in this respect. Presently successful parties usually take it for granted that the electorate wishes to see their political foremen as members of the cabinet, be it on the national or island level. But whether the voters do indeed desire so is very much the question. Winning the elections and partaking in the formation of government, in other words being a party in office, does not necessarily imply that one's political bosses should be appointed into the executive branch. The complexity of modern government asks for well-trained and capable administrators. If the required quality cannot be found amongst politicians, professionals or technocrats from outside should be asked to do the job. An added advantage would be that the politicians per se could then devote themselves to their task of being the people's representatives. The much neglected function of parliament as a controlling body could then be taken care of properly.

#### Providing answers

Another element of change that voters should demand and politicians provide is a more clearly defined political picture. What is presently offered the people sounds too much alike and lacks precision. Voters should be enabled to choose i.e. given the opportunity to decide why they will vote this way and not the other. For that purpose it is not enough to use the label of social-democrat or christian-democrat. People should be able to decide which party will best take care of their interests. That requires that politicians speak out clearly on specific issues. Now that the income from oil-refining and offshore banking is declining, people will want to know how the deficit problem is going to be tackled. In what way tourism can be revived. What measures will be taken to reorganize the oversized and inefficient civil services and how the Dutch insistence on independence will be countered. Clear cut answers to such questions will offer citizens the opportunity to feel involved in the administrative process and cast their votes in a responsible manner.

Basic agreements between parties on the formation of coalitions and envisaged policies should be made public before the elections, enabling the electorate to voice its opinion. ■



*the author*

#### Ethical code

And last but not least, political opportunism like it has manifested itself in the desertion of members of parliament for petty personal reasons should be curtailed. Such turncoats should not be welcomed into other parties' ranks. Parties in office which count on their support to survive in parliament contribute to the continuation of a system in which politics has become an end in itself rather than a means to assure democratic government. The same of course applies to the opposition.

To remedy this unsavory situation in the short run it might be helpful to draw up a code of ethics for politicians and have it accepted by all parties.

Having indicated a number of much needed changes of attitude, we will now turn our attention to matters of a more structural nature.

#### Exclude civil servants

The political system should no longer be regarded as a short-cut to improve one's personal career. In other words an end should be put to the practice that civil servants can simultaneously be representatives of the people. The present situation in which a civil servant in his function as member of parliament exercises control over his own minister or commissioner is most undesirable.

There are, moreover, known cases in which positions were kept open for civil servants for the period they were active in

politics. In other cases they were given unlikely high positions upon completion of their term in parliament. This practice too is for obvious reasons most undesirable. In fact everything possible should be done to eliminate this possibility of career advancing through politics at the cost of proper government.

It should on the other hand be observed that retired civil servants entering politics might contribute considerably to a better functioning of the system because of their experience with the working government.

#### Less elections

Once the legislative councils have been chosen and the executive bodies installed they should be allowed a fair period to concentrate on what they have been chosen for. The developments of the recent past, which led to elections almost every two years, indicate that something is wrong with the system. Too much time, energy and funds have to be devoted to the electoral process. Too little time is left to take care of governing itself. A change in the frequency of elections would already go far to improve this situation. The elections for the STATEN and island councils should at least be held at the same time. Such a measure would no doubt limit the number of elections and would also do away with the often occurring discrepancy between island and national coalitions.

#### Majority rule

Finally a change of the electoral system should be called for. The endless formation periods resulting in too vulnerable coalitions are not conducive to wholesome government. The present system of proportional representation creates on the one hand room for a great diversity of parties partaking in the political process, but leads on the other hand almost inevitably to a constant reoccurrence of coalition governments. The past period has taught that this highly democratic principle has less positive sides as well. For the sake of more functional government it may be advisable not to be too dogmatic in this respect. A change of rules which would lead to a majority rule by granting the largest party  $50\% + 2$  of the available seats would forego the tiresome negotiations and infighting inevitably involved in the formation of coalition governments on the one hand and grant the government party the opportunity to set itself at ruling the country (or island) for a full period of four years. ■

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## CLOSER RELATIONS WITH VENEZUELA TO BENEFIT FROM STUDY OF HISTORY

A new era in the relations between the Antilles and Venezuela announced itself when last month the PETROLEO DE VENEZUELA S.A. took over the management of Curaçao's refinery. For almost 70 years the once largest oil-refining plant in the world had been the proud and most of the time profitable property of the British-Dutch company SHELL. As a consequence the island's horizon during those years was not formed by the 40 miles near Venezuelan coast, but by the dunes and dykes of the Netherlands 8000 miles away. Several generations grew up knowing little about their closeby neighbour, but very much indeed about faraway Holland. Thus the departure of Shell and the arrival of the Venezuelan company is creating a certain measure of uncertainty.

The expected influx of Venezuelans and an increased influence of Caracas, some fear, might lead to a new form of political and cultural domination. Although such anxieties seem understandable, there is little reason for them. Venezuela entertains economic relations in the form of very explicit programmes with many Caribbean nations. The main cause for this fear then may well be a large degree of ignorance about developments in the region. To this there is only one answer. The Antilles will have to catch up on its knowledge of the region in order to be able to know its position and protect its interests. The one-sided orientation of education on Holland has created a gap in this respect and as a result Curaçao lost its traditional position as a broker between cultures. This psychological displacement lies at the root of the above mentioned feelings of uncertainty and fear. Feelings which need not be.

On the contrary as a new chapter in the history of the island is about to be written, a very different attitude is called for. For the arrival of PDVSA signals more than just a take-over of the refinery. By way of spin-off effect it may be expected that tourism, trade and a score of economic activities between the two countries will ▶





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increase or be initiated. In that new relationship it will be of great importance to be aware of the countries' common historical background. The realization of to what measure Curaçao contributed in the past to the development of Venezuela should help create a more mature and positive attitude towards what is now seen as a new and unknown future, but that is in fact no more than picking up the threads of history.

During the past 300 years Curaçao played a rather central role in the region, not only in a commercial sense, but also with regard to the liberation movements early last century. Those two roles, moreover, are connected. The fact that most trade between Venezuela and St. Domingue (Haiti) in the latter part of the 18th century went through Curaçao, cannot be divorced from the pivotal role the island played in the struggle for freedom in those days.

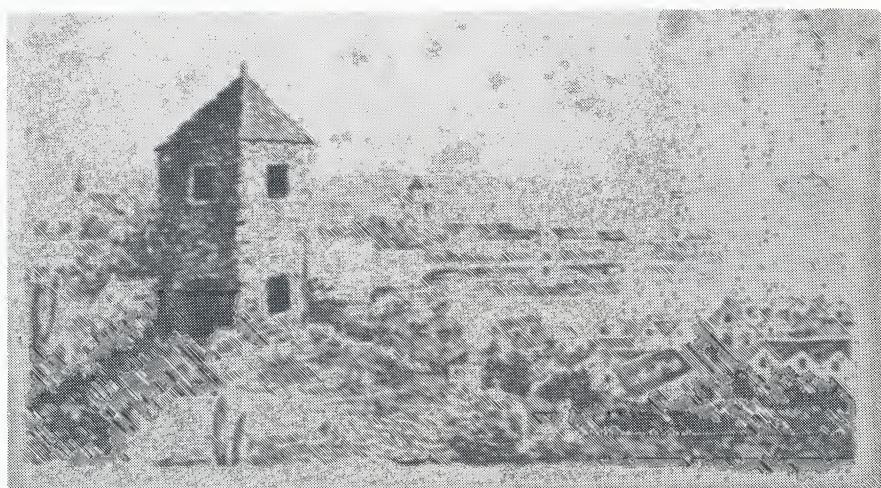
Two famous names of that time, whose personal history is deeply entwined with that of Curaçao, are Luis Brion and Manuel Piar. Their struggle for independence on the continent was bedded in ideas about human freedom and human rights, breathing the aura of the French revolution. Haiti's shaking off of the colonial rule, the slave revolt in Curaçao and the galant fight of Simon Bolívar are not individual incidents, but closely connected. In this Curaçao was both a meeting place of minds and historical currents.

In spite of the fact that a host of most interesting documents of those days are to be found in the archives of venerated institutions both in Europe and the Americas, little systematic research into that period has been conducted up till now. As a result several generations have passed through primary and secondary schools without being informed about the role their island performed in days gone by.

On the occasion of the bicentennial celebrations of the birthdays of Luis Brion, the admiral of freedom (1982) and Simon Bolívar, the liberator of South America (1983) the governments of Venezuela and the Netherlands Antilles instituted a historical research project called "Brion-Bolívar". Dr. Roberto Palacios, a Venezuelan well known in Curaçao, was appointed as the project's director. During the past three years he and his staff have studied an impressive number of documents from archives in Holland, Italy, Spain, England, France, Venezuela and Colombia. They have prepared sever-



*The Octagon in Curaçao, where the sisters of Simon Bolívar lived for some time*



*House where Simon Bolívar stayed when on Curaçao*

al volumes now ready for publication, dealing in detail with the events and their background in the period between 1750 and 1830. Although this work will only fill in a small part of the above mentioned gap in the knowledge of history, it may be an important contribution to the general historical education of future generations.

Financed by Venezuela and the Netherlands Antilles the project has been given practical assistance by the Government of Holland. Dr. Palacios and his staff were given office space in the library of the Dutch Office of National Archives in the Hague. Thus he has gained access to precious old documents few people are allowed to handle. What he found has convinced him even more of the present

day value of his study. "For Curaçao to retake its position in the region as a kind of broker between cultures and economic forces is a most interesting concept, but it is something they themselves will have to do".

Now that Curaçao's horizon is back where it geographically and historically belongs, a re-orientation on its own history may and should promote a sense of identity basic to recapturing that role. Unwittingly the project Dr. Palacios is directing may have been started exactly at the right moment of history. What may be hoped is that the project will initiate an historical thinktank, providing the Antillean people with the proper background for today and tomorrow". ■

## PROFILE OF A CURACAO MUSICIAN

# TWENTY FIVE YEARS OF MUSICAL ACHIEVEMENT

by Bracken

**O**n October 4th and 5th, 1985 the Curacao choir, Orfeon Crescendo, celebrated its Silver Jubilee with concerts at the Centro Pro Arte theatre. Since its inception in 1960, the choir of an average of 40 members has performed an extraordinary selection of works by composers ranging from Mozart to Handel and Verdi to Britten, as well as traditional and modern songs by local musicians. In the past 25 years the choir has travelled to neighbouring Antillean islands and South America, has been televised and recorded, joined by celebrated guest soloists and enthusiastically acclaimed by audiences and supporters. On an island of 160,000 people who love to sing and where every church has a large and often highly talented choir, how did this rather more secular choir come into being? The answer lies in its creator: Frank Davelaar.

Anyone who has witnessed Frank Davelaar conducting his choir, soloists and, more often than not, an augmented Curacao Youth Orchestra at one of Orfeon Crescendo's now traditional Christmas or Easter concerts will have been aware of the boundless energy and vitality of this slight, dark-haired musician who with every sweep of his baton projects his dynamism, compelling his performers to better achievements. Performers and most audiences alike are in no doubt that every note sung or played is being graded against the perfect rendition of that particular work that Frank Davelaar has stored in his mind. His fluid facial expressions, usually but not always unseen by the audience, convey to his performers his exact opinion of their degree of success or failure to measure up to his extremely high standards. In general, however, he manages to coax fine renditions from his choir of amateur singers, inspiring them to do justice to the months of hard work and practice, encouraging and supporting the choir's soloists whose fine voices are sometimes threatened by onslaughts of stage nerves. In return, the choir members are devoted to him for his

high spirits and bubbling enthusiasm, which make the weekly Friday evening practices at the Radolphus College relaxed, almost family affairs. He is not a hard taskmaster, but allows himself to scold, sometimes explosively, when a section is particularly obtuse. As in a family or a schoolroom, this results in greater concentration on the part of the culprits, the obstacle is overcome and the practice continues with no hard feelings on either side.

And this is a man who is virtually a self-made musician. Frank Davelaar was born

absorbing music in every way that was available to him.

At the age of sixteen he left school and, with no diploma to his name, began the teaching career that was to be his means of livelihood for the rest of his working life. He reminisces about having to instruct classes of twenty or thirty pupils not very much younger than himself. At the same time, Davelaar decided to teach himself to play the organ. Up until then his musical talent had only been expressed vocally, but such was his theoretical knowledge



in Curacao 57 years ago into a large family, where music was accepted as an important part of life although not as a way of earning one's living. His mother had a fine contralto voice; she sang in a church choir and about the house with her children. Davelaar remembers becoming aware of having a rather special musical talent when he was about eight years old. From that time on music gradually took over his life and became his ruling passion. He sang and sang and sang, in choirs, as alto soloist. While his contemporaries were out playing football, his free time was spent teaching himself to read music, copying out musical scores — which he took home to sing with his brothers and sisters — and generally

that within a short space of time he had become a church organist.

In 1956, he finally went to Holland to study for his Spanish degree. He worked extra hard and finished the approximately four-year course in less than two — a record — expecting to be allowed to spend the remainder of his allotted time abroad studying music. It was not to be: his scholarship covered his studies for the teaching diplomas alone and he was obliged to return to Curacao without the musical training he longed for. However, despite his other studies Frank Davelaar never neglected his music for a moment while in Amsterdam. Somehow he found time to join the prestigious Amsterdams Oratorium Koor, travelling with them on



*Orfeon Crescendo celebrating in Curaçao's Centro Pro Arte*

their concert tours through Europe, and to take voice training lessons from Mme Dora Lindeman.

Frank Davelaar is philosophical about his inability to pursue the studies that would have given him a chance of a career as a professional musician. He would have liked to combine his tenor voice with his innate acting ability and become an opera singer, but he points out that had he done so he would in all likelihood not have returned to Curacao, his family and his friends and, dare we add, might never have formed his own choir.

As it was, his return to Curacao threw him back into his own resources — the books, music, scores, records he had acquired wherever he went during his stay in Europe — and upon the help and assistance of musician friends. In this way he tenaciously continued to pursue musical knowledge while working as Spanish and Music teacher, first at Mgr Zwijssen College and later at Radolphus College.

It was in 1960 (the 7th October, to be exact) that Davelaar's brain child, the

Orfeon Crescendo, was officially born. It was a natural step forward in his musical development: since his voice was his particular musical 'instrument', the forming of a personal choir was a logical extension of himself and his talent. At the time, the choir comprised twenty voices, eight of whom are still with it. The initial concerts were well received and there was excitement when Crescendo performed its Easter concert on the equally fledgling local television station. Since then the choir has travelled the region and performed in Curacao at least twice a year, frequently more often.

Given the nature of Curacao society, members come and go, but the choir's lynchpin and guiding star has been its director/manager/conductor. Through it all - the fluctuating quality of the voices available to him, the good times and the bad, such as when an influenza epidemic decimated the choir just before a performance - Frank Davelaar has kept his sense of humour and optimism. Davelaar chooses the music the choir is to sing (he

admits to a partiality for the romantic composers), decides the colour and design of the ladies' concert apparel, arranges the printing and sale of tickets, the publicity for the concerts, telephones members who have been absent from practices for too long and generally oversees the entire management of the choir. He works separately with the different sections of the choir, with his soloists, with the orchestra, arranging for additional musicians to come in from Venezuela or Puerto Rico when necessary, or with the choir's accomplished accompanist, Dr. R. Rojer.

His favourite way of recharging his batteries is to take off for a week or two to some cultural centre (preferably New York). Opera, concerts, recitals all are grist to the mill of Frank Davelaar. He is a willing receptacle for new ideas and techniques which he absorbs hungrily. By the time he returns to Curacao, his exhaustion is forgotten and all his energy is concentrated on putting what he has learned into practice, preferably without delay. ■

*A Conversation With Jean Girigorie*

# PAINT IS BREAD FOR A PAINTER

by Sybren Paul

Everyone at one time or another must have heard or read about an artist who really wishes to live only from his art, because he is being consumed by it. I myself thought that this category of zealots nowadays could only be found in myths; that the poor attic-room or habitation no longer existed; that the person tormented by his art was no longer fashionable in today's world. But recently I met a person who fits that description. Someone who paints with inexpensive paint, like Van Gogh did; someone who sometimes works on cardboard, because linen is too expensive; someone who removes the stretch-strips from a painting to use them to stretch the next canvas. I'm talking about Jean Girigorie, a sturdy woman of thirty-six, who does not think it below her dignity to work as a house-maid to support herself, but who cannot resist the "demon" of painting that holds her in an iron grip, because she simply has to paint.

Jean Girigorie, born in Curaçao, travelled at an early age with her mother to Sto. Domingo and subsequently to Haiti, where she spent eighteen years and where she got married. However, she could not stand being bridled and had too little patience to allow herself to be spurred on by the man who probably understood her and wanted to guide her. She speaks French and Papiamentoe fluently and English haltingly. Complicated to the hilt and at the same time disarmingly honest and communicative with the person she trusts. Together, Mike Willemse, who speaks better Papiamentoe, and I paid her a visit in order (through her paintings) to speak to someone as possessed by her craft as she is.

The following anecdote shouldn't be left untold. Jean inherited her urge to paint from her mother. When the latter was expecting her, she could not refrain herself from scratching flakes of plaster from the walls and eating them. So Jean became "filled" with colour and willingly or unwillingly has to paint and paint and paint. (Si non e vero....)



Her training is completely autodidactical. Naturally she attended classes in Haiti, but the institute of schooling is too binding, means too much being cooped

up, offering too little opportunity to fully develop her talents. The only thing she wants to do is paint. When there is money she paints and is filled with an unstop-

able urge to express herself in pictures. I am almost inclined to call it a mania. This painting rage forces her to go on where another would have dropped down long since from pure physical exhaustion. She has to go on and on and on, until that specific moment of complete ecstasy in which life, love and death may meet as a sweet fulfillment of life on earth.

She has been in France, Paris, America, New York, in Sto. Domingo, in Haiti and has painted in all those places and met people who wanted to keep her there; there she also met people who wanted to temper her rage. Yet she is in Curaçao already twelve years now and plans to remain here. Her native island does not let loose of her. She is not happy about the situation the Antilles is going through at the moment. She has pictured her frustration, her sorrow and apprehension in a painting that expresses the concept of despair; a foot with four toes, a hacked-off head, a staircase leading down. It is almost lugubrious to contemplate this picture.

But it is not in her nature to despair for long. She paints for a while, and is already on her way painting a second and a third picture, created through association with the first one. The photographs accompanying this article were made in one and the same session. She was filled with intense sorrow and while painting her mood changed from frustration to satisfaction and indulgence in what life has to offer.



In general pink, red and yellow are her favourite colours (although quite an amount of black also tends to be present). But pink, red and yellow seem to give expression to her exuberance, just like the size of her paintings emphasizes their abundance. What she would love most of all to do is to cover still larger areas with a profusion of her ideas. Mostly concerning the human being in his moments of sadness, and of love. Eroticism and sadness because the joy experienced thereby is past are often predominantly present in her paintings. Some of them are even a rendering of a sensuality that makes one suspect an orgasmatic creativity, which she admits spontaneously, because she wants to be honest about her work.

The browns on the other hand in the last large "family" show us a different Jean. It is as if the colour brown (and the hues belonging thereto) has toned down her creative fury. It is as if this work was done at a slower pace. Asked if this was the case she says yes. It is those brownish hues that increase the intimacy of her pictures and make their expressiveness more intense. So many words are needed to express what those pictures bring to mind, that I tend to say: look at them yourselves, the work speaks its own language. But in doing so pay close attention to the eyes, the posture of the bodies and the expressiveness of the eyes.

Talking to her I tried to establish why some of her paintings did not strike me as being outstanding. Mostly those were the ones containing a clear (often Christian) symbolism. Although Jean believes in

God (c'est ma seule certitude!) her religious feelings are not bound to a specific religion. But she would like to belong and when people talk about e.g. "the holy week" she puts in her pictures things derived from the Christian faith that she only knows from hear-say and which she does not understand.

This could be the reason why those pictures are somewhat stilted and unreal. However, if it concerns another, older tradition (two chairs next to each other tell the story of two lovers who used to sit on

These pictures together form one family, says Jean, and in this way explains how these pictures are created.

It is probably already evident what the greatest problem is in/with Jean Girigorie's art of painting. The picture she paints is never a "product of calm reflection". For instance, when she paints about the handicapped—who may be either a mentally or physically handicapped person, as well as a "normal" person not aware of his handicap—she with a few strong lines puts a Michelangelo-like figure on the canvas, who can clearly take care of himself, but whose strength at the same time is diminished by his handicap (an amputated leg). The painting is not "finished". The finishing touch is missing, but she is already busy doing something else. "Not finished" underlines the concept on which the painting is based. Yet this could also have been achieved through a slower painting process, which in my opinion would have considerably added to the picture. ▶



them, on one the arm-rests still hangs her hand-bag and from the other his chopping-knife, those are the attributes they left behind and one can fill in the rest of the story oneself), such a picture gets an extra dimension. In other words she herself cannot control her desire for communication, she is pure and can only be herself. It is easy to understand someone whose only means of support is her art saying that government should do more for artists. Be sure to mention also that this is not meant as criticism, she adds. She understands that times are bad, but she is also of opinion that culture must be saved and that talent should not go to waste. According to her so much more would be possible, if only people would be given more opportunity. About herself she feels that she has not yet reached her maximum. But she wants to be challenged: étonnez-moi!

That's why she would like to meet more critics and more fellow-artists in order to be able to converse together and progress through an exchange of ideas. Curaçao is small, too small in fact. In Paris or New York even she would be willing to work under the guidance of a great artist.

She would then be willing to allow herself to be trained by someone she can trust fully and who would be someone like van Gogh, Picasso, Dali, Chagall!..

Looking around in her studio, which is filled to capacity (this article is too short to be able to pay due attention to her splendid initiation of an apocalyptic "family"), her "expensive" taste suddenly does not seem at all surprising. Talking, looking I learn to see through her "possession" and urgency. I still believe that some of her paintings could be more "finished", or should give more evidence that she had spent more time working on them. But all through her work glimmers that unmistakable quality that indicates "she has it"!. And at home — once more again leafing through the splendid catalogue of "La grande parade", Highlights in Painting since 1940, I realize that some of Jean Girigorie's paintings would not look out of place amidst those represented here. It's the smallness of the island that has prevented her from becoming more well-known. It is the limitation of her resources that has rendered it impossible (up to now) for her to hold an exhibition abroad. I hope that the words dedicated in this article to this paintress will contribute towards creating more attention for this exceptional natural talent. ■

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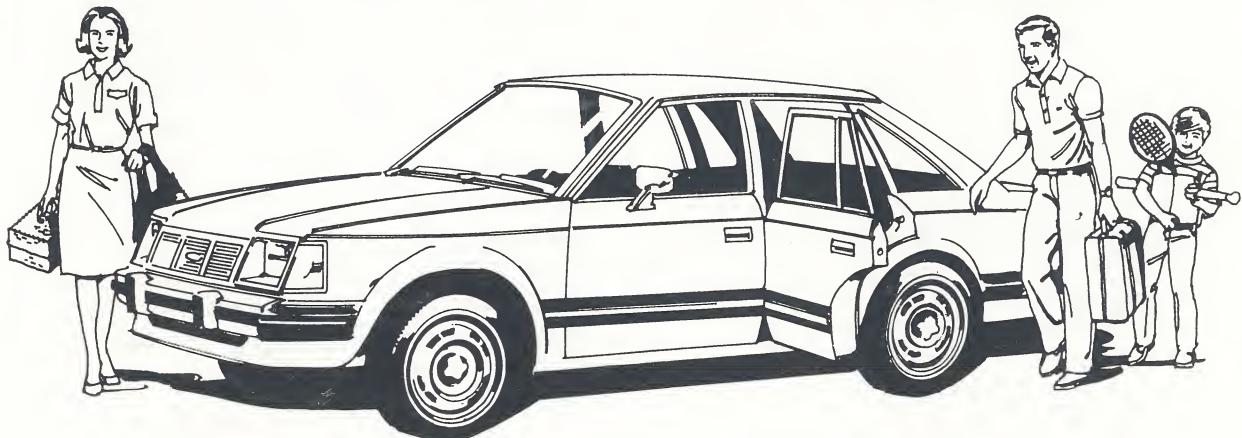
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